

FISCAL BIENNIUM 2004-2006 COMMONWEALTH BUDGET FINAL BUDGET MEMORANDUM

VOLUME IV

Legislative Research Commission

APRIL 27, 2005

This FB 2004-2006 Commonwealth Budget Final Budget Memorandum, as approved by the Legislative Research Commission pursuant to 2005 HJR 92, enumerates the changes made by the 2005 General Assembly to HB 267, the State /Executive Branch Budget Bill, and provides explanatory detail to convey the intent of their actions. This report addresses not only provisions of HB 267, but also applicable provisions of HB 350 and HB 497 that impact, add, or modify appropriation and revenue provisions contained in HB 267.

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FISCAL BIENNIUM 2004-2006 COMMONWEALTH BUDGET

FINAL BUDGET MEMORANDUM

ENVIRONMENTAL AND PUBLIC PROTECTION

APRIL 27, 2005

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Environmental and Public Protection Cabinet

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Environmental and Public Protection Cabinet

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FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - TOTAL FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration and Program Support	17,555,800	17,555,800		16,855,900	16,855,900	
Environmental Protection	87,535,600	87,685,600	150,000	90,113,000	90,113,000	
Natural Resources	41,265,200	41,265,200		40,973,000	40,973,000	
Surface Mining Reclamation and Enforcement	36,590,600	36,590,600		33,404,100	33,404,100	
Abandoned Mine Land Reclamation Projects	22,000,000	22,000,000		22,000,000	22,000,000	
Environmental Quality Commission	250,900	250,900		258,500	258,500	
Kentucky Nature Preserves Commission	1,424,400	1,424,400		1,452,900	1,452,900	
Public Protection Commissioner	1,463,000	1,463,000		1,512,900	1,512,900	
Boxing and Wrestling Authority	109,300	109,300		100,000	100,000	
Petroleum Storage Tank Environmental Assur. Fund	28,413,000	28,413,000		30,788,400	30,788,400	
Alcoholic Beverage Control	5,715,400	5,715,400		5,759,300	5,759,300	
Charitable Gaming	3,476,600	3,476,600		3,470,100	3,470,100	
Board of Claims/Crime Victims' Compensation	4,187,400	4,187,400		4,209,500	4,209,500	
Financial Institutions	8,224,900	8,224,900		8,594,800	8,594,800	
Horse Racing Authority	14,511,800	14,511,800		13,684,500	13,684,500	
Housing, Buildings and Construction	14,342,400	16,092,400	1,750,000	15,310,400	17,060,400	1,750,000
Insurance	43,469,100	43,469,100		40,558,800	40,558,800	
Mine Safety Review Commission	231,000	231,000		230,500	230,500	
Mine Safety and Licensing	10,565,700	10,565,700		10,150,400	10,150,400	
Public Service Commission	12,427,700	12,427,700		12,691,100	12,691,100	
Tax Appeals	486,100	486,100		486,100	486,100	
Labor	128,861,500	132,757,400	3,895,900	130,517,500	130,517,500	
Occupational Safety and Health Review Comm.	479,300	479,300		447,500	447,500	
Workers Compensation Board	900,000	900,000		922,200	922,200	
Workers' Compensation Funding Commission	136,955,800	136,955,800		134,607,200	134,607,200	
Regular Appropriation	621,442,500	627,238,400	5,795,900	619,098,600	620,848,600	1,750,000

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - GENERAL FUND (TOBACCO)

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
Natural Resources	9,000,000	9,000,000		9,000,000	9,000,000	
Insurance	16,782,600	16,782,600		16,751,700	16,751,700	
Regular Appropriation	25,782,600	25,782,600		25,751,700	25,751,700	
CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT						
Natural Resources	4,648,600	4,648,600				
Reserve Spending	4,648,600	4,648,600				

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - GENERAL FUND

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration and Program Support	10,216,500	10,216,500		10,174,500	10,174,500	
Environmental Protection	23,793,500	23,793,500		23,642,500	23,642,500	
Natural Resources	14,359,700	14,359,700		14,473,100	14,473,100	
Surface Mining Reclamation and Enforcement	14,056,300	10,216,300	(3,840,000)	10,295,000	10,295,000	
Environmental Quality Commission	150,000	150,000		150,000	150,000	
Kentucky Nature Preserves Commission	1,049,300	1,049,300		1,049,300	1,049,300	
Petroleum Storage Tank Environmental Assur. Fund				1,719,000	1,719,000	
Alcoholic Beverage Control	1,380,800	1,380,800		1,380,800	1,380,800	
Board of Claims/Crime Victims' Compensation	813,000	813,000		813,000	813,000	
Horse Racing Authority	509,700	509,700		509,700	509,700	
Housing, Buildings and Construction	2,094,100	2,094,100		2,114,700	2,114,700	
Mine Safety Review Commission	230,500	230,500		230,500	230,500	
Mine Safety and Licensing	8,805,800	8,805,800		9,021,800	9,021,800	
Public Service Commission	11,154,100	11,154,100		11,409,800	11,409,800	
Tax Appeals	486,100	486,100		486,100	486,100	
Labor	2,349,100	2,349,100		2,349,100	2,349,100	
Regular Appropriation	91,448,500	87,608,500	(3,840,000)	89,818,900	89,818,900	

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - RESTRICTED FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration and Program Support	5,632,200	5,632,200		4,953,300	4,953,300	
Environmental Protection	47,676,900	47,826,900	150,000	50,867,600	50,867,600	
Natural Resources	8,161,600	8,161,600		7,627,800	7,627,800	
Surface Mining Reclamation and Enforcement	5,701,600	9,541,600	3,840,000	6,101,200	6,101,200	
Environmental Quality Commission	100,900	100,900		108,500	108,500	
Kentucky Nature Preserves Commission	304,600	304,600		333,100	333,100	
Public Protection Commissioner	1,463,000	1,463,000		1,512,900	1,512,900	
Boxing and Wrestling Authority	109,300	109,300		100,000	100,000	
Petroleum Storage Tank Environmental Assur. Fund	28,413,000	28,413,000		29,069,400	29,069,400	
Alcoholic Beverage Control	4,334,600	4,334,600		4,378,500	4,378,500	
Charitable Gaming	3,476,600	3,476,600		3,470,100	3,470,100	
Board of Claims/Crime Victims' Compensation	2,834,300	2,834,300		2,856,400	2,856,400	
Financial Institutions	8,224,900	8,224,900		8,594,800	8,594,800	
Horse Racing Authority	14,002,100	14,002,100		13,174,800	13,174,800	
Housing, Buildings and Construction	12,209,000	13,959,000	1,750,000	13,195,700	14,945,700	1,750,000
Insurance	22,364,400	22,364,400		23,807,100	23,807,100	
Mine Safety Review Commission	500	500				
Mine Safety and Licensing	292,900	292,900		525,300	525,300	
Public Service Commission	1,024,000	1,024,000		1,024,000	1,024,000	
Labor	123,279,300	127,175,200	3,895,900	124,935,300	124,935,300	
Occupational Safety and Health Review Comm.	479,300	479,300		447,500	447,500	
Workers Compensation Board	900,000	900,000		922,200	922,200	
Workers' Compensation Funding Commission	136,955,800	136,955,800		134,607,200	134,607,200	
Regular Appropriation	427,940,800	437,576,700	9,635,900	432,612,700	434,362,700	1,750,000

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - FEDERAL FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration and Program Support	1,707,100	1,707,100		1,728,100	1,728,100	
Environmental Protection	16,065,200	16,065,200		15,602,900	15,602,900	
Natural Resources	9,743,900	9,743,900		9,872,100	9,872,100	
Surface Mining Reclamation and Enforcement	16,832,700	16,832,700		17,007,900	17,007,900	
Abandoned Mine Land Reclamation Projects	22,000,000	22,000,000		22,000,000	22,000,000	
Kentucky Nature Preserves Commission	70,500	70,500		70,500	70,500	
Board of Claims/Crime Victims' Compensation	540,100	540,100		540,100	540,100	
Housing, Buildings and Construction	39,300	39,300				
Insurance	4,322,100	4,322,100				
Mine Safety and Licensing	1,467,000	1,467,000		603,300	603,300	
Public Service Commission	249,600	249,600		257,300	257,300	
Labor	3,233,100	3,233,100		3,233,100	3,233,100	
Regular Appropriation	76,270,600	76,270,600		70,915,300	70,915,300	

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F - Environmental and Public Protection Cabinet**Operating Budget****Summary Totals**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	25,782,600	25,782,600		25,751,700	25,751,700	
General Fund	91,448,500	87,608,500	(3,840,000)	89,818,900	89,818,900	
Restricted Funds	427,940,800	437,576,700	9,635,900	432,612,700	434,362,700	1,750,000
Federal Funds	76,270,600	76,270,600		70,915,300	70,915,300	
Regular Total Funds	621,442,500	627,238,400	5,795,900	619,098,600	620,848,600	1,750,000
Continuing	4,648,600	4,648,600				
TOTAL FUNDS	626,091,100	631,887,000	5,795,900	619,098,600	620,848,600	1,750,000

II. EXPENDITURE CATEGORY

Personnel Costs	218,327,900	223,973,800	5,645,900	219,226,300	220,976,300	1,750,000
Operating Expenses	206,460,300	206,460,300		203,618,300	203,618,300	
Grants, Loans, Benefits	167,267,800	167,417,800	150,000	157,613,400	157,613,400	
Debt Service	589,000	589,000		2,357,000	2,357,000	
Capital Outlay	7,182,600	7,182,600		5,100,000	5,100,000	
Construction	26,263,500	26,263,500		31,183,600	31,183,600	
TOTAL EXPENDITURES	626,091,100	631,887,000	5,795,900	619,098,600	620,848,600	1,750,000

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	25,782,600	25,782,600		25,751,700	25,751,700	
General Fund	91,448,500	87,608,500	(3,840,000)	89,818,900	89,818,900	
Restricted Funds	427,940,800	435,826,700	7,885,900	432,612,700	432,612,700	
Federal Funds	76,270,600	76,270,600		70,915,300	70,915,300	
Regular Total Funds	621,442,500	625,488,400	4,045,900	619,098,600	619,098,600	
Continuing	4,648,600	4,648,600				
TOTAL BASE LEVEL	626,091,100	630,137,000	4,045,900	619,098,600	619,098,600	

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

Restricted Funds		1,750,000	1,750,000		1,750,000	1,750,000
TOTAL ADDITIONAL		1,750,000	1,750,000		1,750,000	1,750,000

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F - Environmental and Public Protection Cabinet**Capital Budget****Summary Totals**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Restricted Funds	5,600,000	5,600,000		5,600,000	5,600,000	
Federal Funds	1,150,000	1,150,000		1,350,000	1,350,000	
Bond Funds	26,000,000	26,000,000				
Investment Income	1,500,000	1,000,000	(500,000)	700,000	200,000	(500,000)
Other Funds	300,000	300,000		300,000	300,000	
TOTAL CAPITAL	34,550,000	34,050,000	(500,000)	7,950,000	7,450,000	(500,000)

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F - Environmental and Public Protection Cabinet**Operating Budget****General Administration and Program Support**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	10,216,500	10,216,500		10,174,500	10,174,500	
Restricted Funds	5,632,200	5,632,200		4,953,300	4,953,300	
Federal Funds	1,707,100	1,707,100		1,728,100	1,728,100	
Regular Total Funds	17,555,800	17,555,800		16,855,900	16,855,900	
Continuing						
TOTAL FUNDS	17,555,800	17,555,800		16,855,900	16,855,900	
II. EXPENDITURE CATEGORY						
Personnel Costs	14,443,300	14,443,300		13,946,000	13,946,000	
Operating Expenses	2,890,900	2,890,900		2,793,200	2,793,200	
Capital Outlay	221,600	221,600		116,700	116,700	
TOTAL EXPENDITURES	17,555,800	17,555,800		16,855,900	16,855,900	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	10,216,500	10,216,500		10,174,500	10,174,500	
Restricted Funds	5,632,200	5,632,200		4,953,300	4,953,300	
Federal Funds	1,707,100	1,707,100		1,728,100	1,728,100	
Regular Total Funds	17,555,800	17,555,800		16,855,900	16,855,900	
Continuing						
TOTAL BASE LEVEL	17,555,800	17,555,800		16,855,900	16,855,900	

**Fiscal Biennium 2004-2006
Budget Modification Report**

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General Administration and Program Support

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Reallocation of Specified Restricted Funds within the Environmental and Public Protection Cabinet: Notwithstanding KRS 224.60-130 to 224.60-145, 287.485, and 304.2-400, the Secretary of the Environmental and Public Protection Cabinet may request the authorization to expend Restricted Funds for specified purposes, subject to the provisions of KRS 48.630."

The 2004-2006 Executive Budget, Executive Budget Overview, includes language provisions that states:

"The reorganization of three former cabinets into one administrative organization has created the opportunity for significant efficiencies. Centralizing the regulatory function of state government will result in better service for businesses and communities that depend on these services. "

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

**Fiscal Biennium 2004-2006
Budget Modification Report**

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General Administration and Program Support

"Engineering Salary Parity: The Secretary of the Environmental and Public Protection Cabinet is authorized to expend funds in an amount sufficient to pay engineers in the Cabinet at the same grade as engineers in other cabinets, as appropriate."

"Reallocation of Specified Restricted Funds within the Environmental and Public Protection Cabinet: Notwithstanding KRS 224.60-130 to 224.60-145, 287.485, and 304.2-400, the Secretary of the Environmental and Public Protection Cabinet may request the authorization to expend Restricted Funds for specified purposes, subject to the provisions of KRS 48.630, in an amount not to exceed ten percent of the Cabinet's Restricted Funds appropriation contained in this Part for fiscal year 2004-2005 and fiscal year 2005-2006."

The General Assembly amends the State/Executive Branch Budget Bill, Part V, Funds Transfer, to include transfers from the Agency Revenue Fund totaling \$500,000 in fiscal year 2004-2005 and \$500,000 in fiscal year 2005-2006.

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F - Environmental and Public Protection Cabinet**Capital Budget****General Administration and Program Support**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Restricted Funds	3,000,000	3,000,000		3,000,000	3,000,000	
Federal Funds	1,000,000	1,000,000		1,000,000	1,000,000	
Investment Income	1,000,000	1,000,000		200,000	200,000	
TOTAL CAPITAL	5,000,000	5,000,000		4,200,000	4,200,000	
II. CAPITAL PROJECTS						
1 Maintenance Pool						
PRJEPP0001						
Investment Income	500,000	500,000		200,000	200,000	
Project Total	500,000	500,000		200,000	200,000	
2 Network Upgrade						
PRJEPP0127						
Investment Income	500,000	500,000				
Project Total	500,000	500,000				
3 Kentucky Heritage Land Conservation Fund						
PRJEPP0128						
Restricted Funds	3,000,000	3,000,000		3,000,000	3,000,000	
Federal Funds	1,000,000	1,000,000		1,000,000	1,000,000	
Project Total	4,000,000	4,000,000		4,000,000	4,000,000	
TOTAL CAPITAL	5,000,000	5,000,000		4,200,000	4,200,000	

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F - Environmental and Public Protection Cabinet**Operating Budget****Environmental Protection**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	23,793,500	23,793,500		23,642,500	23,642,500	
Restricted Funds	47,676,900	47,826,900	150,000	50,867,600	50,867,600	
Federal Funds	16,065,200	16,065,200		15,602,900	15,602,900	
Regular Total Funds	87,535,600	87,685,600	150,000	90,113,000	90,113,000	
Continuing						
TOTAL FUNDS	87,535,600	87,685,600	150,000	90,113,000	90,113,000	
II. EXPENDITURE CATEGORY						
Personnel Costs	45,094,200	45,094,200		45,985,500	45,985,500	
Operating Expenses	8,352,600	8,352,600		8,023,300	8,023,300	
Grants, Loans, Benefits	18,845,900	18,995,900	150,000	16,157,300	16,157,300	
Debt Service				49,000	49,000	
Capital Outlay	1,925,000	1,925,000		1,667,600	1,667,600	
Construction	13,317,900	13,317,900		18,230,300	18,230,300	
TOTAL EXPENDITURES	87,535,600	87,685,600	150,000	90,113,000	90,113,000	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	23,793,500	23,793,500		23,642,500	23,642,500	
Restricted Funds	47,676,900	47,826,900	150,000	50,867,600	50,867,600	
Federal Funds	16,065,200	16,065,200		15,602,900	15,602,900	
Regular Total Funds	87,535,600	87,685,600	150,000	90,113,000	90,113,000	
Continuing						
TOTAL BASE LEVEL	87,535,600	87,685,600	150,000	90,113,000	90,113,000	

**Fiscal Biennium 2004-2006
Budget Modification Report**

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Environmental Protection

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from Kentucky Pride Trust Fund Pursuant to KRS 224.43-505(2)(a)5., these funds transfers of \$2,006,300 in fiscal year 2004-2005 and \$2,006,300 in fiscal year 2005-2006 to the General Fund, support the General Fund debt service on the bonds sold as authorized by 2003 Ky. Acts ch. 156, Part II, Capital Projects Budget, A. Government Operations, 3. Kentucky Infrastructure Authority, c. Kentucky Pride Fund Projects.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Debt Service: Included in the above General Fund appropriation is \$49,000 for fiscal year 2005-2006 for debt service to support new bonds for state-owned dam repair as set forth in Part II, Capital Projects Budget, of this Act."

"Municipal Solid Waste Landfill Inspectors: Notwithstanding KRS 224.43-320, no funds are provided in the above appropriations for the assignment of full-time inspectors to each municipal solid waste landfill operating in the Commonwealth."

"Kentucky Pride Program: Included in the above Restricted Funds appropriation is \$24,991,500 in fiscal year 2004-2005 and \$29,835,100 in fiscal year 2005-2006 for the Kentucky Pride Program."

"Solid Waste Enforcement Activity: In accordance with KRS 224.43-505, the Environmental and Public Protection Cabinet shall suspend until July 1, 2006, enforcement activity regarding landfill closure, maintenance, monitoring, and remediation obligations

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Environmental Protection

against formerly permitted municipal solid waste disposal and water facilities owned by a city or county that ceases accepting waste prior to July 1, 1992, except as necessary to abate an environmental emergency."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

"Martin County Damage Trust Fund: In fiscal year 2004-2005, \$150,000 is appropriated from the NR Martin County Damage Trust Fund set up under agreed order July 31, 2002, DOW-25070-042, DOW-25151-042, and DOW-21509-042 to Eastern Kentucky University to provide independent water testing and technical assistance to the citizens of Martin County. The Secretary of the Finance and Administration Cabinet and the State Budget Director shall develop and implement a memorandum of agreement between Eastern Kentucky University and the Fiscal Court of Martin County to insure the purposes of this provision are implemented. The Secretary of the Finance and Administration Cabinet shall report to the Interim Joint Committee on Appropriations and Revenue upon completion of the memorandum of agreement and the appropriation of funds, before the end of fiscal year 2004-2005."

The General Assembly amends the State/Executive Branch Budget Bill, Part II, Capital Projects Budget by deleting the State-owned Dam Repair, Investment Income of \$500,000 in fiscal year 2004-2005 and Investment Income of \$500,000 in fiscal year 2005-2006.

This project is authorized as Bond Funds in the Statewide Repair, Maintenance, and Replacement Pool Fund within the Finance and Administration Cabinet, in the amount of \$1,000,000. The fiscal year 2005-2006 debt service is included in the Finance and Administration Cabinet's budget.

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F - Environmental and Public Protection Cabinet**Capital Budget****Environmental Protection**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Restricted Funds	2,600,000	2,600,000		2,600,000	2,600,000	
Federal Funds	150,000	150,000		350,000	350,000	
Bond Funds	1,000,000	1,000,000				
Investment Income	500,000		(500,000)	500,000		(500,000)
TOTAL CAPITAL	4,250,000	3,750,000	(500,000)	3,450,000	2,950,000	(500,000)
II. CAPITAL PROJECTS						
1 Leaking Underground Storage Tanks						
PRJ5900129						
Restricted Funds	500,000	500,000		500,000	500,000	
Project Total	500,000	500,000		500,000	500,000	
2 State-Owned Dam Repair						
PRJ5900131						
Bond Funds	1,000,000	1,000,000				
Investment Income	500,000		(500,000)	500,000		(500,000)
Project Total	1,500,000	1,000,000	(500,000)	500,000		(500,000)
3 Hazardous Waste Management Fund						
PRJ5900132						
Restricted Funds	2,100,000	2,100,000		2,100,000	2,100,000	
Project Total	2,100,000	2,100,000		2,100,000	2,100,000	
4 National Environmental Exchange Network						
PRJ5900134						
Federal Funds	150,000	150,000		350,000	350,000	
Project Total	150,000	150,000		350,000	350,000	
5 Lease - Ash Building						
PRJ5900135						
Restricted Funds						
Project Total						
6 Lease - Schenkel Lane Property						
PRJ5900136						
Restricted Funds						
Project Total						

F - Environmental and Public Protection Cabinet

Capital Budget

Environmental Protection

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
TOTAL CAPITAL	4,250,000	3,750,000	(500,000)	3,450,000	2,950,000	(500,000)

F - Environmental and Public Protection Cabinet**Operating Budget****Natural Resources**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	9,000,000	9,000,000		9,000,000	9,000,000	
General Fund	14,359,700	14,359,700		14,473,100	14,473,100	
Restricted Funds	8,161,600	8,161,600		7,627,800	7,627,800	
Federal Funds	9,743,900	9,743,900		9,872,100	9,872,100	
Regular Total Funds	41,265,200	41,265,200		40,973,000	40,973,000	
Continuing	4,648,600	4,648,600				
TOTAL FUNDS	45,913,800	45,913,800		40,973,000	40,973,000	
II. EXPENDITURE CATEGORY						
Personnel Costs	15,808,600	15,808,600		16,470,500	16,470,500	
Operating Expenses	3,854,200	3,854,200		4,112,800	4,112,800	
Grants, Loans, Benefits	23,641,400	23,641,400		19,527,300	19,527,300	
Capital Outlay	2,609,600	2,609,600		862,400	862,400	
TOTAL EXPENDITURES	45,913,800	45,913,800		40,973,000	40,973,000	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	9,000,000	9,000,000		9,000,000	9,000,000	
General Fund	14,359,700	14,359,700		14,473,100	14,473,100	
Restricted Funds	8,161,600	8,161,600		7,627,800	7,627,800	
Federal Funds	9,743,900	9,743,900		9,872,100	9,872,100	
Regular Total Funds	41,265,200	41,265,200		40,973,000	40,973,000	
Continuing	4,648,600	4,648,600				
TOTAL BASE LEVEL	45,913,800	45,913,800		40,973,000	40,973,000	

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Natural Resources

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Emergency Forest Fire Suppression: Not less than \$240,000 of the General Fund appropriation for each fiscal year shall be set aside for emergency forest fire suppression. There is appropriated from the General Fund the necessary funds, subject to the conditions and procedures provided in this Act, which are required as a result of emergency fire suppression activities in excess of the \$240,000 amount. Fire suppression costs in excess of \$240,000 annually shall be deemed necessary governmental expenses and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705)."

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in each fiscal year for the Environmental Stewardship Program."

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, includes a language provision that directs:

"Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in each fiscal year for the Environmental Stewardship Program."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Surface Mining Reclamation and Enforcement**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	14,056,300	10,216,300	(3,840,000)	10,295,000	10,295,000	
Restricted Funds	5,701,600	9,541,600	3,840,000	6,101,200	6,101,200	
Federal Funds	16,832,700	16,832,700		17,007,900	17,007,900	
Regular Total Funds	36,590,600	36,590,600		33,404,100	33,404,100	
Continuing						
TOTAL FUNDS	36,590,600	36,590,600		33,404,100	33,404,100	
II. EXPENDITURE CATEGORY						
Personnel Costs	29,478,700	29,478,700		25,949,000	25,949,000	
Operating Expenses	4,395,600	4,395,600		4,347,600	4,347,600	
Grants, Loans, Benefits	1,108,600	1,108,600		1,308,600	1,308,600	
Capital Outlay	1,167,100	1,167,100		1,175,600	1,175,600	
Construction	440,600	440,600		623,300	623,300	
TOTAL EXPENDITURES	36,590,600	36,590,600		33,404,100	33,404,100	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	14,056,300	10,216,300	(3,840,000)	10,295,000	10,295,000	
Restricted Funds	5,701,600	9,541,600	3,840,000	6,101,200	6,101,200	
Federal Funds	16,832,700	16,832,700		17,007,900	17,007,900	
Regular Total Funds	36,590,600	36,590,600		33,404,100	33,404,100	
Continuing						
TOTAL BASE LEVEL	36,590,600	36,590,600		33,404,100	33,404,100	

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Surface Mining Reclamation and Enforcement

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Bond Pool Funds Per Executive Order 2004-753: Included in the above General Fund Appropriation for the Surface Mining Reclamation and Enforcement \$3,840,000 in fiscal year 2004-2005 as directed by Executive Order 2004-753 dated July 12, 2004, to restore fund transfers from the Surface Mining Bond Pool Fund to assure Compliance with federal requirements."

"Return of Permit and Acreage Fees: Included in the above General Fund appropriation is \$675,000 in each fiscal year for the return of permit and acreage fees under KRS 350.139; any required expenditure for this purpose in excess of this amount in either fiscal year is appropriated to the department."

"Surface Coal Mining Permits: The permit block provisions of KRS 350.085(6) shall apply both to surface coal mining and reclamation operations owned or controlled by the applicant, and those operations owning or controlling the applicant. The Natural Resources and Environmental Protection Cabinet shall continue in effect the current state regulations regarding ownership and control provided that a due process hearing shall be afforded at the time that the Cabinet makes a preliminary determination to impose a permit block.

The Cabinet shall conditionally issue a permit, permit renewal, or authorization to conduct surface coal mining and reclamation operations, if the Cabinet finds that a direct administrative or judicial appeal is presently being pursued, in good faith, to contest the validity of the determination of ownership and control linkage. The Cabinet shall conditionally issue permits where the applicant submits proof, including a settlement agreement, that the violation is being abated to the satisfaction of the issuing state or federal agency. Where the initial judicial appeal affirms the ownership or control linkage, the applicant shall have 30 days to submit proof that the violation has been or is in the process of being corrected. Nothing herein shall preclude the applicant from seeking further judicial relief. The reporting requirements of KRS 350.060(3) shall not extend to persons at the level above a publicly traded corporation who own or control the applicant."

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Surface Mining Reclamation and Enforcement

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly modifies, Part I, Operating Budget, to include a language provision that directs:

"Bond Pool Funds Per Executive Order 2004-753: Included in the above Restricted Funds appropriation is \$3,840,000 for Surface Mining Reclamation and Enforcement in fiscal year 2004-2005. Executive Order 2004-753 dated July 12, 2004, directs that funds be restored to the Surface Mining Bond Pool Fund to assure Compliance with federal requirements."

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F - Environmental and Public Protection Cabinet

Capital Budget

Surface Mining Reclamation and Enforcement

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference

II. CAPITAL PROJECTS

1 Hudson Hollow Park Lease

PRJ600A0001

Restricted Funds

Project Total

TOTAL CAPITAL

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F - Environmental and Public Protection Cabinet

Operating Budget

Abandoned Mine Land Reclamation Projects

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Federal Funds	22,000,000	22,000,000		22,000,000	22,000,000	
Regular Total Funds	22,000,000	22,000,000		22,000,000	22,000,000	
Continuing						
TOTAL FUNDS	22,000,000	22,000,000		22,000,000	22,000,000	
II. EXPENDITURE CATEGORY						
Personnel Costs	170,000	170,000		170,000	170,000	
Grants, Loans, Benefits	9,500,000	9,500,000		9,500,000	9,500,000	
Construction	12,330,000	12,330,000		12,330,000	12,330,000	
TOTAL EXPENDITURES	22,000,000	22,000,000		22,000,000	22,000,000	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Federal Funds	22,000,000	22,000,000		22,000,000	22,000,000	
Regular Total Funds	22,000,000	22,000,000		22,000,000	22,000,000	
Continuing						
TOTAL BASE LEVEL	22,000,000	22,000,000		22,000,000	22,000,000	

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Abandoned Mine Lands Reclamation Projects

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

"Fund Receipt and Expenditures Estimates: The above appropriations represent estimates of the funds to be received and expended for this program. If additional funds become available, the funds are appropriated subject to the conditions and procedures provided in this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Environmental Quality Commission**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	150,000	150,000		150,000	150,000	
Restricted Funds	100,900	100,900		108,500	108,500	
Regular Total Funds	250,900	250,900		258,500	258,500	
Continuing						
TOTAL FUNDS	250,900	250,900		258,500	258,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	208,200	208,200		214,600	214,600	
Operating Expenses	42,700	42,700		43,900	43,900	
TOTAL EXPENDITURES	250,900	250,900		258,500	258,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	150,000	150,000		150,000	150,000	
Restricted Funds	100,900	100,900		108,500	108,500	
Regular Total Funds	250,900	250,900		258,500	258,500	
Continuing						
TOTAL BASE LEVEL	250,900	250,900		258,500	258,500	

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Environmental Quality Commission

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

"Administrative Accountability: The Environmental Quality Commission shall be attached to the Environmental and Public Protection Cabinet's Office of the Secretary, but shall remain a separate budget unit. The Secretary, with the approval of the Commissioners of the Environmental Quality Commission, may employ a director and other necessary Commission staff who shall serve at the pleasure of the Commission and the Secretary."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Kentucky Nature Preserves Commission**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	1,049,300	1,049,300		1,049,300	1,049,300	
Restricted Funds	304,600	304,600		333,100	333,100	
Federal Funds	70,500	70,500		70,500	70,500	
Regular Total Funds	1,424,400	1,424,400		1,452,900	1,452,900	
Continuing						
TOTAL FUNDS	1,424,400	1,424,400		1,452,900	1,452,900	
II. EXPENDITURE CATEGORY						
Personnel Costs	1,111,700	1,111,700		1,140,200	1,140,200	
Operating Expenses	282,700	282,700		282,700	282,700	
Grants, Loans, Benefits	30,000	30,000		30,000	30,000	
TOTAL EXPENDITURES	1,424,400	1,424,400		1,452,900	1,452,900	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	1,049,300	1,049,300		1,049,300	1,049,300	
Restricted Funds	304,600	304,600		333,100	333,100	
Federal Funds	70,500	70,500		70,500	70,500	
Regular Total Funds	1,424,400	1,424,400		1,452,900	1,452,900	
Continuing						
TOTAL BASE LEVEL	1,424,400	1,424,400		1,452,900	1,452,900	

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Kentucky Nature Preserves Commission

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

"Minor Use or Development: Notwithstanding KRS 146.410 to 146.535, the Kentucky State Nature Preserves Commission may allow a minor use or development upon or near the property boundary of a nature preserve when the minor use or development results in the addition of acreage to the preserve, furthers the goal of encouraging land use adjacent to the preserve which can help protect the character of the preserve, furthers an important public purpose identified by another state or local public agency, and does not substantially or fundamentally alter the character of the preserve."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Capital Budget****Kentucky Nature Preserves Commission**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Other Funds	300,000	300,000		300,000	300,000	
TOTAL CAPITAL	300,000	300,000		300,000	300,000	
II. CAPITAL PROJECTS						
1 Kentucky Nature Preserves Acquisition Fund						
PRJ3750126						
Other Funds	300,000	300,000		300,000	300,000	
Project Total	300,000	300,000		300,000	300,000	
TOTAL CAPITAL	300,000	300,000		300,000	300,000	

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F - Environmental and Public Protection Cabinet

Operating Budget

Public Protection Commissioner

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	1,463,000	1,463,000		1,512,900	1,512,900	
Regular Total Funds	1,463,000	1,463,000		1,512,900	1,512,900	
Continuing						
TOTAL FUNDS	1,463,000	1,463,000		1,512,900	1,512,900	
II. EXPENDITURE CATEGORY						
Personnel Costs	1,170,100	1,170,100		1,201,500	1,201,500	
Operating Expenses	292,900	292,900		311,400	311,400	
TOTAL EXPENDITURES	1,463,000	1,463,000		1,512,900	1,512,900	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	1,463,000	1,463,000		1,512,900	1,512,900	
Regular Total Funds	1,463,000	1,463,000		1,512,900	1,512,900	
Continuing						
TOTAL BASE LEVEL	1,463,000	1,463,000		1,512,900	1,512,900	

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Public Protection Commissioner

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Boxing and Wrestling Authority**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	109,300	109,300		100,000	100,000	
Regular Total Funds	109,300	109,300		100,000	100,000	
Continuing						
TOTAL FUNDS	109,300	109,300		100,000	100,000	
II. EXPENDITURE CATEGORY						
Personnel Costs	72,200	72,200		62,900	62,900	
Operating Expenses	37,100	37,100		37,100	37,100	
TOTAL EXPENDITURES	109,300	109,300		100,000	100,000	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	109,300	109,300		100,000	100,000	
Regular Total Funds	109,300	109,300		100,000	100,000	
Continuing						
TOTAL BASE LEVEL	109,300	109,300		100,000	100,000	

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Boxing and Wrestling Authority

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer in fiscal year 2004-2005 of \$4,200.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Petroleum Storage Tank Environmental Assur. Fund**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund				1,719,000	1,719,000	
Restricted Funds	28,413,000	28,413,000		29,069,400	29,069,400	
Regular Total Funds	28,413,000	28,413,000		30,788,400	30,788,400	
Continuing						
TOTAL FUNDS	28,413,000	28,413,000		30,788,400	30,788,400	
II. EXPENDITURE CATEGORY						
Personnel Costs	3,529,400	3,529,400		3,569,400	3,569,400	
Operating Expenses	24,383,600	24,383,600		25,000,000	25,000,000	
Debt Service				1,719,000	1,719,000	
Capital Outlay	500,000	500,000		500,000	500,000	
TOTAL EXPENDITURES	28,413,000	28,413,000		30,788,400	30,788,400	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund				1,719,000	1,719,000	
Restricted Funds	28,413,000	28,413,000		29,069,400	29,069,400	
Regular Total Funds	28,413,000	28,413,000		30,788,400	30,788,400	
Continuing						
TOTAL BASE LEVEL	28,413,000	28,413,000		30,788,400	30,788,400	

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Petroleum Storage Tank Environmental Assurance Fund

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the requirements of the statutes set forth below, there is transferred from the Restricted Funds enumerated below to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a Petroleum Storage Tank Environmental Assurance Fund transfer totaling \$291,200 in fiscal year 2004-2005 and \$63,471,400 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Debt Service: Included in the above General Fund appropriation in fiscal year 2005-2006 is \$1,719,000 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the above Restricted Funds appropriation in fiscal year 2005-2006 is \$25,000,000 for underground storage tank fund payments from new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Financial Responsibility Account: Any Restricted Funds receipts generated by the Petroleum Storage Tank Assurance Fund in fiscal year 2004-2005 in excess of the amounts appropriated above shall be allocated to the Financial Responsibility Account to help ensure that the agency meets its reserve balance requirements in fiscal year 2005-2006."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

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Petroleum Storage Tank Environmental Assurance Fund

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

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F - Environmental and Public Protection Cabinet**Capital Budget****Petroleum Storage Tank Environmental Assur. Fund**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Bond Funds	25,000,000	25,000,000				
TOTAL CAPITAL	25,000,000	25,000,000				
II. CAPITAL PROJECTS						
1						
Petroleum Storage Tank Environmental Assurance Fund						
PRJ675B0001						
Bond Funds	25,000,000	25,000,000				
Project Total	25,000,000	25,000,000				
TOTAL CAPITAL	25,000,000	25,000,000				

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F - Environmental and Public Protection Cabinet**Operating Budget****Alcoholic Beverage Control**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	1,380,800	1,380,800		1,380,800	1,380,800	
Restricted Funds	4,334,600	4,334,600		4,378,500	4,378,500	
Regular Total Funds	5,715,400	5,715,400		5,759,300	5,759,300	
Continuing						
TOTAL FUNDS	5,715,400	5,715,400		5,759,300	5,759,300	
II. EXPENDITURE CATEGORY						
Personnel Costs	4,655,700	4,655,700		4,755,400	4,755,400	
Operating Expenses	1,044,900	1,044,900		1,003,900	1,003,900	
Capital Outlay	14,800	14,800				
TOTAL EXPENDITURES	5,715,400	5,715,400		5,759,300	5,759,300	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	1,380,800	1,380,800		1,380,800	1,380,800	
Restricted Funds	4,334,600	4,334,600		4,378,500	4,378,500	
Regular Total Funds	5,715,400	5,715,400		5,759,300	5,759,300	
Continuing						
TOTAL BASE LEVEL	5,715,400	5,715,400		5,759,300	5,759,300	

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Alcoholic Beverage Control

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the requirements of the statutes set forth below, there is transferred from the Restricted Funds enumerated below to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes an Alcoholic Beverage Control, Agency Revenue Fund transfer of \$1,009,700 in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

"Sale and Distribution of Tobacco Products Enforcement: Included in the above General Fund appropriation is \$260,000 in fiscal year 2004-2005 and \$260,000 in fiscal year 2005-2006 to carry out the provisions of KRS 438.337."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet

Operating Budget

Charitable Gaming

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	3,476,600	3,476,600		3,470,100	3,470,100	
Regular Total Funds	3,476,600	3,476,600		3,470,100	3,470,100	
Continuing						
TOTAL FUNDS	3,476,600	3,476,600		3,470,100	3,470,100	
II. EXPENDITURE CATEGORY						
Personnel Costs	2,793,300	2,793,300		2,786,800	2,786,800	
Operating Expenses	677,300	677,300		677,300	677,300	
Grants, Loans, Benefits	6,000	6,000		6,000	6,000	
TOTAL EXPENDITURES	3,476,600	3,476,600		3,470,100	3,470,100	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	3,476,600	3,476,600		3,470,100	3,470,100	
Regular Total Funds	3,476,600	3,476,600		3,470,100	3,470,100	
Continuing						
TOTAL BASE LEVEL	3,476,600	3,476,600		3,470,100	3,470,100	

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Charitable Gaming

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the requirements of the statutes set forth below, there is transferred from the Restricted Funds enumerated below to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a Charitable Gaming, Agency Restricted Fund transfer of \$191,200 in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

"Gross Receipts Fee: Notwithstanding KRS 238.570, the gross receipts fee for fiscal year 2004-2005 and fiscal year 2005-2006 shall be fifty-three one-hundredths of one percent."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Board of Claims/Crime Victims' Compensation**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	813,000	813,000		813,000	813,000	
Restricted Funds	2,834,300	2,834,300		2,856,400	2,856,400	
Federal Funds	540,100	540,100		540,100	540,100	
Regular Total Funds	4,187,400	4,187,400		4,209,500	4,209,500	
Continuing						
TOTAL FUNDS	4,187,400	4,187,400		4,209,500	4,209,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	1,042,900	1,042,900		1,066,500	1,066,500	
Operating Expenses	2,944,500	2,944,500		2,943,000	2,943,000	
Grants, Loans, Benefits	200,000	200,000		200,000	200,000	
TOTAL EXPENDITURES	4,187,400	4,187,400		4,209,500	4,209,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	813,000	813,000		813,000	813,000	
Restricted Funds	2,834,300	2,834,300		2,856,400	2,856,400	
Federal Funds	540,100	540,100		540,100	540,100	
Regular Total Funds	4,187,400	4,187,400		4,209,500	4,209,500	
Continuing						
TOTAL BASE LEVEL	4,187,400	4,187,400		4,209,500	4,209,500	

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Claims/Crime Victims' Compensation

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a Claims/Crime Victims' Compensation Agency, Revenue Fund transfer totaling \$1,500 fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

"Sexual Assault Examinations: Notwithstanding KRS 216B.400(8), examinations for reported victims of sexual assault shall be paid by the Crime Victims' Compensation Board in a manner consistent with KRS Chapter 346, at a rate determined by the Board. The Board shall reimburse the hospital or sexual assault examination facility as provided in administrative regulations promulgated by the Board."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet

Operating Budget

Financial Institutions

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	8,224,900	8,224,900		8,594,800	8,594,800	
Regular Total Funds	8,224,900	8,224,900		8,594,800	8,594,800	
Continuing						
TOTAL FUNDS	8,224,900	8,224,900		8,594,800	8,594,800	
II. EXPENDITURE CATEGORY						
Personnel Costs	5,912,800	5,912,800		6,239,100	6,239,100	
Operating Expenses	1,950,000	1,950,000		1,983,600	1,983,600	
Capital Outlay	362,100	362,100		372,100	372,100	
TOTAL EXPENDITURES	8,224,900	8,224,900		8,594,800	8,594,800	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	8,224,900	8,224,900		8,594,800	8,594,800	
Regular Total Funds	8,224,900	8,224,900		8,594,800	8,594,800	
Continuing						
TOTAL BASE LEVEL	8,224,900	8,224,900		8,594,800	8,594,800	

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Financial Institutions

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the requirements of the statutes set forth below, there is transferred from the Restricted Funds enumerated below to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a Financial Institutions, Agency Revenue Fund transfer of \$3,420,100 in fiscal year 2004-2005 and \$2,712,100 in fiscal year 2005-2006.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Horse Racing Authority**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	509,700	509,700		509,700	509,700	
Restricted Funds	14,002,100	14,002,100		13,174,800	13,174,800	
Regular Total Funds	14,511,800	14,511,800		13,684,500	13,684,500	
Continuing						
TOTAL FUNDS	14,511,800	14,511,800		13,684,500	13,684,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	2,034,300	2,034,300		2,080,000	2,080,000	
Operating Expenses	907,600	907,600		920,300	920,300	
Grants, Loans, Benefits	11,569,900	11,569,900		10,684,200	10,684,200	
TOTAL EXPENDITURES	14,511,800	14,511,800		13,684,500	13,684,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	509,700	509,700		509,700	509,700	
Restricted Funds	14,002,100	14,002,100		13,174,800	13,174,800	
Regular Total Funds	14,511,800	14,511,800		13,684,500	13,684,500	
Continuing						
TOTAL BASE LEVEL	14,511,800	14,511,800		13,684,500	13,684,500	

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Horse Racing Authority

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from Kentucky Horse Racing Authority, Agency Revenue Fund, transfer of \$49,600 in fiscal year 2004-2005.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"International Wagering Hub Progress Report: The Horse Racing Authority shall submit to the Interim Joint Committee on Appropriations and Revenue a quarterly written report on progress in establishment of an international wagering hub pursuant to KRS 230.378 to 230.380."

F - Environmental and Public Protection Cabinet**Operating Budget****Housing, Buildings and Construction**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	2,094,100	2,094,100		2,114,700	2,114,700	
Restricted Funds	12,209,000	13,959,000	1,750,000	13,195,700	14,945,700	1,750,000
Federal Funds	39,300	39,300				
Regular Total Funds	14,342,400	16,092,400	1,750,000	15,310,400	17,060,400	1,750,000
Continuing						
TOTAL FUNDS	14,342,400	16,092,400	1,750,000	15,310,400	17,060,400	1,750,000
II. EXPENDITURE CATEGORY						
Personnel Costs	11,032,000	12,782,000	1,750,000	12,342,300	14,092,300	1,750,000
Operating Expenses	3,123,400	3,123,400		2,956,100	2,956,100	
Capital Outlay	12,000	12,000		12,000	12,000	
Construction	175,000	175,000				
TOTAL EXPENDITURES	14,342,400	16,092,400	1,750,000	15,310,400	17,060,400	1,750,000
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	2,094,100	2,094,100		2,114,700	2,114,700	
Restricted Funds	12,209,000	12,209,000		13,195,700	13,195,700	
Federal Funds	39,300	39,300				
Regular Total Funds	14,342,400	14,342,400		15,310,400	15,310,400	
Continuing						
TOTAL BASE LEVEL	14,342,400	14,342,400		15,310,400	15,310,400	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE						
Restricted Funds		1,750,000	1,750,000		1,750,000	1,750,000
TOTAL ADDITIONAL		1,750,000	1,750,000		1,750,000	1,750,000
V. ADDITIONAL BUDGET ITEMS						
1 CONTN Additional Personnel						
ABR6900002 Additional funding for 51 new positions comprised of plan reviewers, HVAC inspectors, plumbing inspectors and building inspectors.						
Restricted Funds		1,750,000	1,750,000		1,750,000	1,750,000
Project Total		1,750,000	1,750,000		1,750,000	1,750,000
TOTAL ADDITIONAL		1,750,000	1,750,000		1,750,000	1,750,000

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Housing, Buildings and Construction

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the requirements of the statutes set forth below, there is transferred from the Restricted Funds enumerated below to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a Housing, Buildings and Construction, Agency Revenue Fund transfer of \$90,100 in fiscal year 2004-2005.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"Additional Personnel: Included in the above Restricted Funds appropriation is \$1,750,000 in fiscal year 2004-2005 and \$1,750,000 in fiscal year 2005-2006 for 51 new positions which include 11 plan reviewers, 10 building inspectors, 20 plumbing inspectors, and 10 heating ventilation and cooling inspectors."

F - Environmental and Public Protection Cabinet

Capital Budget

Housing, Buildings and Construction

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference

II. CAPITAL PROJECTS

1

Lease - Franklin County

PRJ6900147

Other Funds

Project Total

TOTAL CAPITAL

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F - Environmental and Public Protection Cabinet**Operating Budget****Insurance**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	16,782,600	16,782,600		16,751,700	16,751,700	
Restricted Funds	22,364,400	22,364,400		23,807,100	23,807,100	
Federal Funds	4,322,100	4,322,100				
Regular Total Funds	43,469,100	43,469,100		40,558,800	40,558,800	
Continuing						
TOTAL FUNDS	43,469,100	43,469,100		40,558,800	40,558,800	
II. EXPENDITURE CATEGORY						
Personnel Costs	40,103,600	40,103,600		37,118,700	37,118,700	
Operating Expenses	3,365,500	3,365,500		3,440,100	3,440,100	
TOTAL EXPENDITURES	43,469,100	43,469,100		40,558,800	40,558,800	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	16,782,600	16,782,600		16,751,700	16,751,700	
Restricted Funds	22,364,400	22,364,400		23,807,100	23,807,100	
Federal Funds	4,322,100	4,322,100				
Regular Total Funds	43,469,100	43,469,100		40,558,800	40,558,800	
Continuing						
TOTAL BASE LEVEL	43,469,100	43,469,100		40,558,800	40,558,800	

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Insurance

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the requirements of the statutes set forth below, there is transferred from the Restricted Funds enumerated below to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes an Insurance Agency Revenue Fund transfer of \$3,872,800 in fiscal year 2004-2005, and \$11,340,300 in fiscal year 2005-2006.

Part V, Funds Transfer, includes an Kentucky Access Agency Revenue Fund transfer of \$9,932,900 in fiscal year 2004-2005, and \$10,287,900 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$16,782,600 in fiscal year 2004-2005 and \$16,751,700 in fiscal year 2005-2006 for the Kentucky Access Program."

"Risk-based Capital (RBC): A corporation, partnership, or limited liability corporation applying for and holding a certificate of authority as a health maintenance organization, which by contract manages care and processes health care claims solely for Medicaid-eligible enrollees and the Kentucky Children's Health Insurance Program, shall comply with risk-based capital (RBC) requirements as follows:

(a) For purposes of this subsection, RBC shall be determined in accordance with 806 KAR 38:100. Except for subsection (11)(c) of Section 1. and Section 11. of 806 KAR 38:100, a corporation, partnership, or limited liability corporation applying for and holding a certificate of authority as a health maintenance organization, which by contract manages care and processes health care

**Fiscal Biennium 2004-2006
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Insurance

claims solely for Medicaid-eligible enrollees and the Kentucky Children's Health Insurance Program, shall comply with 806 KAR 38:100;

(b) For the RBC reports required to be filed by health maintenance organizations which manage care and process health care claims solely for Medicaid-eligible enrollees and the Kentucky Children's Health Insurance Program, the RBC levels shall be defined as follows: 1. "Company Action Level RBC" means the product of two and its Authorized Control Level RBC; 2. "Regulatory Action Level RBC" means the product of one and five-tenths and its Authorized Control Level RBC; 3. "Authorized Control Level RBC" means the product of four-tenths and the RBC after covariance determined under the RBC formula in accordance with the RBC instruction; and 4. "Mandatory Control Level RBC" means the product of seven-tenths and the Authorized Control Level RBC; and

(c) A corporation, partnership, or limited liability corporation applying for and holding a certificate of authority as a health maintenance organization managing care, processing health care claims, or providing health benefits to groups or individuals in addition to Medicaid-eligible and Kentucky Children's Health Insurance Program enrollees shall comply with the RBC requirements of paragraph (a) of this subsection and 806 KAR 38:100 and shall not be eligible to calculate its RBC according to this subsection."

"Kentucky Access: Notwithstanding KRS 304.17B-031, during the 2004-2006 biennium, the Secretary of the Environmental and Public Protection Cabinet may seek authorization from the State Budget Director to reallocate excess unbudgeted operating funds generated by the Office of Insurance to Access. Any such funding reallocations that are approved by the State Budget Director will be reported to the Interim Joint Committee on Appropriations and Revenue consistent with the provisions of this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The House amends the State/Executive Branch Budget Bill, Part V, Funds Transfer, to include transfers from the Fire and Tornado Agency Revenue Fund totaling \$500,000 in fiscal year 2004-2005 and \$500,000 in fiscal year 2005-2006.

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F - Environmental and Public Protection Cabinet

Capital Budget

Insurance

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference

II. CAPITAL PROJECTS

1 Lease - Franklin County

PRJ695A0001

Restricted Funds

Project Total

TOTAL CAPITAL

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F - Environmental and Public Protection Cabinet**Operating Budget****Mine Safety Review Commission**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	230,500	230,500		230,500	230,500	
Restricted Funds	500	500				
Regular Total Funds	231,000	231,000		230,500	230,500	
Continuing						
TOTAL FUNDS	231,000	231,000		230,500	230,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	176,000	176,000		175,500	175,500	
Operating Expenses	55,000	55,000		55,000	55,000	
TOTAL EXPENDITURES	231,000	231,000		230,500	230,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	230,500	230,500		230,500	230,500	
Restricted Funds	500	500				
Regular Total Funds	231,000	231,000		230,500	230,500	
Continuing						
TOTAL BASE LEVEL	231,000	231,000		230,500	230,500	

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Mine Safety Review Commission

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Mine Safety and Licensing**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	8,805,800	8,805,800		9,021,800	9,021,800	
Restricted Funds	292,900	292,900		525,300	525,300	
Federal Funds	1,467,000	1,467,000		603,300	603,300	
Regular Total Funds	10,565,700	10,565,700		10,150,400	10,150,400	
Continuing						
TOTAL FUNDS	10,565,700	10,565,700		10,150,400	10,150,400	
II. EXPENDITURE CATEGORY						
Personnel Costs	8,046,600	8,046,600		8,515,800	8,515,800	
Operating Expenses	2,508,700	2,508,700		1,609,600	1,609,600	
Capital Outlay	10,400	10,400		25,000	25,000	
TOTAL EXPENDITURES	10,565,700	10,565,700		10,150,400	10,150,400	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	8,805,800	8,805,800		9,021,800	9,021,800	
Restricted Funds	292,900	292,900		525,300	525,300	
Federal Funds	1,467,000	1,467,000		603,300	603,300	
Regular Total Funds	10,565,700	10,565,700		10,150,400	10,150,400	
Continuing						
TOTAL BASE LEVEL	10,565,700	10,565,700		10,150,400	10,150,400	

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Mine Safety and Licensing

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the requirements of the statutes set forth below, there is transferred from the Restricted Funds enumerated below to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from Mine Safety and Licensing, Agency Revenue Fund transfer totaling \$36,600 in fiscal year 2004-2005.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Public Service Commission**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	11,154,100	11,154,100		11,409,800	11,409,800	
Restricted Funds	1,024,000	1,024,000		1,024,000	1,024,000	
Federal Funds	249,600	249,600		257,300	257,300	
Regular Total Funds	12,427,700	12,427,700		12,691,100	12,691,100	
Continuing						
TOTAL FUNDS	12,427,700	12,427,700		12,691,100	12,691,100	
II. EXPENDITURE CATEGORY						
Personnel Costs	9,169,700	9,169,700		9,438,300	9,438,300	
Operating Expenses	2,650,600	2,650,600		2,645,400	2,645,400	
Debt Service	589,000	589,000		589,000	589,000	
Capital Outlay	18,400	18,400		18,400	18,400	
TOTAL EXPENDITURES	12,427,700	12,427,700		12,691,100	12,691,100	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	11,154,100	11,154,100		11,409,800	11,409,800	
Restricted Funds	1,024,000	1,024,000		1,024,000	1,024,000	
Federal Funds	249,600	249,600		257,300	257,300	
Regular Total Funds	12,427,700	12,427,700		12,691,100	12,691,100	
Continuing						
TOTAL BASE LEVEL	12,427,700	12,427,700		12,691,100	12,691,100	

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Public Service Commission

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that direct:

"Debt Service: Included in the above General Fund appropriation is \$589,000 in fiscal year 2004-2005 and \$589,000 in fiscal year 2005-2006 for debt service for previously issued bonds."

"Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 278.150(3), \$1,807,300 in fiscal year 2004-2005 shall lapse to the credit of the General Fund."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

"Water Districts and Water Associations: A water district created pursuant to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity pursuant to KRS 278.020(1) if the water district or water association is a Class A or B utility as defined in the Uniform System of Accounts established by the Public Service Commission, pursuant to KRS 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The water line extension or improvement project will not cost in excess of

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Public Service Commission

\$500,000; or (b) The water district or water association will not, as a result of the water line extension or improvement project, incur obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers."

"Kentucky Broadband Task Force Report: The Kentucky Broadband Task Force shall examine the deployment of broadband, as defined in KRS 278.5461, in the Commonwealth, including but not limited to the following aspects of providing broadband service: regulation, cost, access to facilities, and market competition. The Kentucky Broadband Task Force shall also provide an interim report of findings and recommendations to the Legislative Research Commission and to the Governor no later than November 15, 2005, and a final report shall be submitted no later than November 15, 2006."

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F - Environmental and Public Protection Cabinet

Operating Budget

Tax Appeals

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	486,100	486,100		486,100	486,100	
Regular Total Funds	486,100	486,100		486,100	486,100	
Continuing						
TOTAL FUNDS	486,100	486,100		486,100	486,100	
II. EXPENDITURE CATEGORY						
Personnel Costs	437,500	437,500		437,500	437,500	
Operating Expenses	48,600	48,600		48,600	48,600	
TOTAL EXPENDITURES	486,100	486,100		486,100	486,100	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	486,100	486,100		486,100	486,100	
Regular Total Funds	486,100	486,100		486,100	486,100	
Continuing						
TOTAL BASE LEVEL	486,100	486,100		486,100	486,100	

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Budget Modification Report**

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Tax Appeals

BILL AS INTRODUCED

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Labor**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	2,349,100	2,349,100		2,349,100	2,349,100	
Restricted Funds	123,279,300	127,175,200	3,895,900	124,935,300	124,935,300	
Federal Funds	3,233,100	3,233,100		3,233,100	3,233,100	
Regular Total Funds	128,861,500	132,757,400	3,895,900	130,517,500	130,517,500	
Continuing						
TOTAL FUNDS	128,861,500	132,757,400	3,895,900	130,517,500	130,517,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	19,389,700	23,285,600	3,895,900	23,002,900	23,002,900	
Operating Expenses	6,764,200	6,764,200		6,964,400	6,964,400	
Grants, Loans, Benefits	102,366,000	102,366,000		100,200,000	100,200,000	
Capital Outlay	341,600	341,600		350,200	350,200	
TOTAL EXPENDITURES	128,861,500	132,757,400	3,895,900	130,517,500	130,517,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	2,349,100	2,349,100		2,349,100	2,349,100	
Restricted Funds	123,279,300	127,175,200	3,895,900	124,935,300	124,935,300	
Federal Funds	3,233,100	3,233,100		3,233,100	3,233,100	
Regular Total Funds	128,861,500	132,757,400	3,895,900	130,517,500	130,517,500	
Continuing						
TOTAL BASE LEVEL	128,861,500	132,757,400	3,895,900	130,517,500	130,517,500	

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Budget Modification Report**

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Labor

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly increases the Restricted Funds appropriations in the State/Executive Branch Budget Bill, Part I, Operating Budget, for the Department of Labor by \$3,895,900, from \$123,179,300 to \$127,175,200 in fiscal year 2004-2005.

F - Environmental and Public Protection Cabinet**Capital Budget****Labor**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference

II. CAPITAL PROJECTS**1 Lease - Franklin County**

PRJ9200001

Restricted Funds

Project Total**2 Lease - Franklin County**

PRJ9250001

Restricted Funds

Project Total**TOTAL CAPITAL**

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F - Environmental and Public Protection Cabinet

Operating Budget

Occupational Safety and Health Review Comm.

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	479,300	479,300		447,500	447,500	
Regular Total Funds	479,300	479,300		447,500	447,500	
Continuing						
TOTAL FUNDS	479,300	479,300		447,500	447,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	438,800	438,800		393,700	393,700	
Operating Expenses	40,500	40,500		53,800	53,800	
TOTAL EXPENDITURES	479,300	479,300		447,500	447,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	479,300	479,300		447,500	447,500	
Regular Total Funds	479,300	479,300		447,500	447,500	
Continuing						
TOTAL BASE LEVEL	479,300	479,300		447,500	447,500	

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Budget Modification Report**

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KY Occupational Safety and Health Review Comm.

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Workers Compensation Board**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	900,000	900,000		922,200	922,200	
Regular Total Funds	900,000	900,000		922,200	922,200	
Continuing						
TOTAL FUNDS	900,000	900,000		922,200	922,200	
II. EXPENDITURE CATEGORY						
Personnel Costs	750,700	750,700		772,900	772,900	
Operating Expenses	149,300	149,300		149,300	149,300	
TOTAL EXPENDITURES	900,000	900,000		922,200	922,200	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	900,000	900,000		922,200	922,200	
Regular Total Funds	900,000	900,000		922,200	922,200	
Continuing						
TOTAL BASE LEVEL	900,000	900,000		922,200	922,200	

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Budget Modification Report**

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Workers' Compensation Board

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

GENERAL ASSEMBLY

The General Assembly concurs with Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

F - Environmental and Public Protection Cabinet**Operating Budget****Workers' Compensation Funding Commission**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	136,955,800	136,955,800		134,607,200	134,607,200	
Regular Total Funds	136,955,800	136,955,800		134,607,200	134,607,200	
Continuing						
TOTAL FUNDS	136,955,800	136,955,800		134,607,200	134,607,200	
II. EXPENDITURE CATEGORY						
Personnel Costs	1,257,900	1,257,900		1,391,300	1,391,300	
Operating Expenses	135,697,900	135,697,900		133,215,900	133,215,900	
TOTAL EXPENDITURES	136,955,800	136,955,800		134,607,200	134,607,200	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	136,955,800	136,955,800		134,607,200	134,607,200	
Regular Total Funds	136,955,800	136,955,800		134,607,200	134,607,200	
Continuing						
TOTAL BASE LEVEL	136,955,800	136,955,800		134,607,200	134,607,200	

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Budget Modification Report**

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Workers' Compensation Funding Commission

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Commission Funding: Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2004-2005 and fiscal year 2005-2006."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

FISCAL BIENNIUM 2004-2006 COMMONWEALTH BUDGET

FINAL BUDGET MEMORANDUM

FINANCE AND ADMINISTRATION

APRIL 27, 2005

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Finance and Administration Cabinet

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FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

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OPERATING BUDGET - TOTAL FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration	19,758,500	19,758,500		19,282,900	19,282,900	
Controller	16,153,700	16,153,700		15,278,500	15,278,500	
Debt Service	253,904,000	253,904,000		278,166,100	293,032,600	14,866,500
Facilities and Support Services	36,780,400	36,780,400		36,524,600	36,524,600	
County Costs	20,506,500	20,506,500		20,606,500	20,606,500	
Commonwealth Office of Technology	57,825,700	57,825,700		57,764,600	57,764,600	
Revenue	66,011,000	66,011,000		67,651,400	67,651,400	
Property Valuation Administrators	33,297,700	33,297,700		34,042,600	34,042,600	
Regular Appropriation	504,237,500	504,237,500		529,317,200	544,183,700	14,866,500

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

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OPERATING BUDGET - GENERAL FUND (TOBACCO)

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
Debt Service	6,116,600	6,116,600		6,113,200	15,313,200	9,200,000
Revenue	175,000	175,000		175,000	175,000	
Regular Appropriation	6,291,600	6,291,600		6,288,200	15,488,200	9,200,000

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

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OPERATING BUDGET - GENERAL FUND

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration	11,916,700	11,916,700		11,938,200	11,938,200	
Controller	10,714,700	10,714,700		10,832,100	10,832,100	
Debt Service	244,857,400	244,857,400		269,547,900	275,214,400	5,666,500
Facilities and Support Services	7,243,900	7,243,900		7,242,600	7,242,600	
County Costs	18,581,500	18,581,500		18,681,500	18,681,500	
Commonwealth Office of Technology	292,500	292,500		292,500	292,500	
Revenue	61,183,200	61,183,200		62,860,700	62,860,700	
Property Valuation Administrators	29,719,600	29,719,600		30,532,600	30,532,600	
Regular Appropriation	384,509,500	384,509,500		411,928,100	417,594,600	5,666,500

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - RESTRICTED FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration	7,558,800	7,558,800		7,061,700	7,061,700	
Controller	2,189,000	2,189,000		2,196,400	2,196,400	
Facilities and Support Services	29,536,500	29,536,500		29,282,000	29,282,000	
County Costs	1,925,000	1,925,000		1,925,000	1,925,000	
Commonwealth Office of Technology	56,636,400	56,636,400		56,718,800	56,718,800	
Revenue	3,234,800	3,234,800		3,197,700	3,197,700	
Property Valuation Administrators	3,578,100	3,578,100		3,510,000	3,510,000	
Regular Appropriation	104,658,600	104,658,600		103,891,600	103,891,600	

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

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OPERATING BUDGET - FEDERAL FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
Controller	3,250,000	3,250,000		2,250,000	2,250,000	
Commonwealth Office of Technology	771,800	771,800		628,300	628,300	
Regular Appropriation	4,021,800	4,021,800		2,878,300	2,878,300	

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - ROAD FUND

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration	283,000	283,000		283,000	283,000	
Debt Service	2,930,000	2,930,000		2,505,000	2,505,000	
Commonwealth Office of Technology	125,000	125,000		125,000	125,000	
Revenue	1,418,000	1,418,000		1,418,000	1,418,000	
Regular Appropriation	4,756,000	4,756,000		4,331,000	4,331,000	

G - Finance and Administration Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	6,291,600	6,291,600		6,288,200	15,488,200	9,200,000
General Fund	384,509,500	384,509,500		411,928,100	417,594,600	5,666,500
Restricted Funds	104,658,600	104,658,600		103,891,600	103,891,600	
Federal Funds	4,021,800	4,021,800		2,878,300	2,878,300	
Road Fund	4,756,000	4,756,000		4,331,000	4,331,000	
Regular Total Funds	504,237,500	504,237,500		529,317,200	544,183,700	14,866,500
Continuing						
TOTAL FUNDS	504,237,500	504,237,500		529,317,200	544,183,700	14,866,500
II. EXPENDITURE CATEGORY						
Personnel Costs	147,582,200	147,582,200		148,590,500	148,590,500	
Operating Expenses	87,681,200	87,681,200		89,280,600	89,280,600	
Grants, Loans, Benefits	10,250,000	10,250,000		9,250,000	9,250,000	
Debt Service	253,919,000	253,919,000		278,181,100	293,047,600	14,866,500
Capital Outlay	1,305,100	1,305,100		515,000	515,000	
Construction	3,500,000	3,500,000		3,500,000	3,500,000	
TOTAL EXPENDITURES	504,237,500	504,237,500		529,317,200	544,183,700	14,866,500
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	6,291,600	6,291,600		6,288,200	6,288,200	
General Fund	384,509,500	384,509,500		411,928,100	415,151,100	3,223,000
Restricted Funds	104,658,600	104,658,600		103,891,600	103,891,600	
Federal Funds	4,021,800	4,021,800		2,878,300	2,878,300	
Road Fund	4,756,000	4,756,000		4,331,000	4,331,000	
Regular Total Funds	504,237,500	504,237,500		529,317,200	532,540,200	3,223,000
Continuing						
TOTAL BASE LEVEL	504,237,500	504,237,500		529,317,200	532,540,200	3,223,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE						
General Fund (Tobacco)					9,200,000	9,200,000
General Fund					2,443,500	2,443,500
TOTAL ADDITIONAL					11,643,500	11,643,500

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G - Finance and Administration Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund	8,375,000	36,175,000	27,800,000			
Restricted Funds	19,534,000	19,534,000		6,874,000	6,874,000	
Federal Funds	1,300,000	1,300,000				
Bond Funds	54,580,000	181,805,000	127,225,000			
Capital Construction Sur	444,400	444,400				
Investment Income	12,925,000	9,925,000	(3,000,000)	7,725,000	2,500,000	(5,225,000)
Other Funds	21,500,000	21,500,000		3,000,000	3,000,000	
TOTAL CAPITAL	118,658,400	270,683,400	152,025,000	17,599,000	12,374,000	(5,225,000)

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G - Finance and Administration Cabinet**Operating Budget****General Administration**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	11,916,700	11,916,700		11,938,200	11,938,200	
Restricted Funds	7,558,800	7,558,800		7,061,700	7,061,700	
Road Fund	283,000	283,000		283,000	283,000	
Regular Total Funds	19,758,500	19,758,500		19,282,900	19,282,900	
Continuing						
TOTAL FUNDS	19,758,500	19,758,500		19,282,900	19,282,900	
II. EXPENDITURE CATEGORY						
Personnel Costs	12,638,300	12,638,300		12,690,800	12,690,800	
Operating Expenses	4,021,100	4,021,100		3,998,100	3,998,100	
Grants, Loans, Benefits	2,500,000	2,500,000		2,500,000	2,500,000	
Capital Outlay	599,100	599,100		94,000	94,000	
TOTAL EXPENDITURES	19,758,500	19,758,500		19,282,900	19,282,900	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	11,916,700	11,916,700		11,938,200	11,938,200	
Restricted Funds	7,558,800	7,558,800		7,061,700	7,061,700	
Road Fund	283,000	283,000		283,000	283,000	
Regular Total Funds	19,758,500	19,758,500		19,282,900	19,282,900	
Continuing						
TOTAL BASE LEVEL	19,758,500	19,758,500		19,282,900	19,282,900	

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General Administration

BILL AS INTRODUCED

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from, the General Administration Appropriation Unit, Capital Construction Investment Income account, in the amount of \$1,888,000 in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Affordable Housing Trust Fund: Included in the above General Fund appropriation is \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 for the Affordable Housing Trust Fund."

The Finance and Administration Cabinet Reorganization- The Cabinet combined the administrative functions, including human resources, fiscal operations, budget and legal services, of the former Finance and Administration Cabinet, the former Revenue Cabinet and the former Governor's Office of Technology. The Division of Local Government Services was created by combining the Social Security function, the county costs/fees functions and the property valuation administrator's support. The previous Department of Administration was abolished and its functions moved to other areas of the cabinet or to the Commerce Cabinet.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

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General Administration

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State Executive Branch Budget Bill, Part I, Operating Budget, language provision as follows:

"Affordable Housing Trust Fund: Included in the above General Fund appropriation is \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 for the Affordable Housing Trust Fund. The Kentucky Housing Corporation shall provide from the Kentucky Housing Corporation Housing Assistance Fund to the Affordable Housing Trust Fund \$500,000 in fiscal year 2004-2005 and \$500,000 in fiscal year 2005-2006."

The General Assembly amends the State Executive Branch Budget Bill, Part V, Fund Transfers, to include a transfer from the Capital Construction Investment Income account of \$7,438,000 in fiscal year 2004-2005 and \$12,675,000 in fiscal year 2005-2006.

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G - Finance and Administration Cabinet**Capital Budget****General Administration**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund						
Restricted Funds						
Investment Income	300,000	300,000				
TOTAL CAPITAL	300,000	300,000				
II. CAPITAL PROJECTS						
1 Postal Services-2 Inserting machines						
PRJ7750167						
Investment Income	300,000	300,000				
Project Total	300,000	300,000				
2 Finance Genesco Building-Lease						
PRJ7750168						
General Fund						
Restricted Funds						
Project Total						
TOTAL CAPITAL	300,000	300,000				

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G - Finance and Administration Cabinet**Operating Budget****Controller**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	10,714,700	10,714,700		10,832,100	10,832,100	
Restricted Funds	2,189,000	2,189,000		2,196,400	2,196,400	
Federal Funds	3,250,000	3,250,000		2,250,000	2,250,000	
Regular Total Funds	16,153,700	16,153,700		15,278,500	15,278,500	
Continuing						
TOTAL FUNDS	16,153,700	16,153,700		15,278,500	15,278,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	6,431,500	6,431,500		6,480,900	6,480,900	
Operating Expenses	6,457,200	6,457,200		6,532,600	6,532,600	
Grants, Loans, Benefits	3,250,000	3,250,000		2,250,000	2,250,000	
Debt Service	15,000	15,000		15,000	15,000	
TOTAL EXPENDITURES	16,153,700	16,153,700		15,278,500	15,278,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	10,714,700	10,714,700		10,832,100	10,832,100	
Restricted Funds	2,189,000	2,189,000		2,196,400	2,196,400	
Federal Funds	3,250,000	3,250,000		2,250,000	2,250,000	
Regular Total Funds	16,153,700	16,153,700		15,278,500	15,278,500	
Continuing						
TOTAL BASE LEVEL	16,153,700	16,153,700		15,278,500	15,278,500	

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Office of the Controller

BILL AS INTRODUCED

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Social Security Contingent Liability Fund: Any expenditures that may be required by KRS 61.470 are hereby deemed necessary government expenses and shall be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any available balance in either the Judgments budget unit appropriation or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act."

Management Administration Reporting System (MARS)- MARS is the software system used statewide for financial accounting and reporting. An \$11.5 million initiative is recommended to upgrade MARS.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly provides in fiscal year 2004-2005, \$27,000,000 in General Fund, from a transfer from the Tobacco Settlement Fund, and \$87,000,000 in Bond Funds, supported by \$9,200,000 debt service from Tobacco Settlement Funds, for a total of \$114,000,000 for the Phase II Tobacco Settlement Payments project.

The General Assembly amends the State Executive Branch Budget Bill, Part II, Capital Projects Budget, language provision as follows:

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Office of the Controller

"Phase II Tobacco Settlement Payments: The bonds shall be issued by the Kentucky Asset/Liability Commission or any other applicable state entity authorized by law to issue bonds, as designated by the Secretary of the Finance and Administration Cabinet. The bonds shall be issued by June 30, 2005, and shall be issued for a term not to exceed 20 years. Funds may be provided to the Kentucky Tobacco Settlement Trust Corporation for costs incurred to provide for the issuance of the Phase II Settlement Payment checks. The necessary funds may be provided from the \$114,000,000 General Fund and Bond Fund proceeds identified in Section 2, Controller, Item 002."

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G - Finance and Administration Cabinet**Capital Budget****Controller**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund		27,000,000	27,000,000			
Restricted Funds	6,000,000	6,000,000		2,000,000	2,000,000	
Bond Funds		87,000,000	87,000,000			
Investment Income	3,500,000	1,000,000	(2,500,000)		2,500,000	2,500,000
TOTAL CAPITAL	9,500,000	121,000,000	111,500,000	2,000,000	4,500,000	2,500,000

II. CAPITAL PROJECTS**1 Management Administrative Reporting System Upgrade**

PRJ7580164						
Restricted Funds	6,000,000	6,000,000		2,000,000	2,000,000	
Investment Income	3,500,000	1,000,000	(2,500,000)		2,500,000	2,500,000
Project Total	9,500,000	7,000,000	(2,500,000)	2,000,000	4,500,000	2,500,000

2 Phase II Tobacco Settlement Payments

PRJ7580165						
General Fund		27,000,000	27,000,000			
Bond Funds		87,000,000	87,000,000			
Project Total		114,000,000	114,000,000			

TOTAL CAPITAL	9,500,000	121,000,000	111,500,000	2,000,000	4,500,000	2,500,000
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G - Finance and Administration Cabinet**Operating Budget****Debt Service**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	6,116,600	6,116,600		6,113,200	15,313,200	9,200,000
General Fund	244,857,400	244,857,400		269,547,900	275,214,400	5,666,500
Road Fund	2,930,000	2,930,000		2,505,000	2,505,000	
Regular Total Funds	253,904,000	253,904,000		278,166,100	293,032,600	14,866,500
Continuing						
TOTAL FUNDS	253,904,000	253,904,000		278,166,100	293,032,600	14,866,500
II. EXPENDITURE CATEGORY						
Debt Service	253,904,000	253,904,000		278,166,100	293,032,600	14,866,500
TOTAL EXPENDITURES	253,904,000	253,904,000		278,166,100	293,032,600	14,866,500
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	6,116,600	6,116,600		6,113,200	6,113,200	
General Fund	244,857,400	244,857,400		269,547,900	272,770,900	3,223,000
Road Fund	2,930,000	2,930,000		2,505,000	2,505,000	
Regular Total Funds	253,904,000	253,904,000		278,166,100	281,389,100	3,223,000
Continuing						
TOTAL BASE LEVEL	253,904,000	253,904,000		278,166,100	281,389,100	3,223,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE						
General Fund (Tobacco)					9,200,000	9,200,000
General Fund					2,443,500	2,443,500
TOTAL ADDITIONAL					11,643,500	11,643,500
V. ADDITIONAL BUDGET ITEMS						
3 EXPAN New Debt Service						
ABR750B0002 Provide debt service to support all Bond Fund Capital projects for the Finance and Administration Cabinet.						
General Fund (Tobacco)					9,200,000	9,200,000
General Fund					2,443,500	2,443,500
Project Total					11,643,500	11,643,500
TOTAL ADDITIONAL					11,643,500	11,643,500

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Debt Service

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"New Debt Service: Included in the above General Fund appropriation is \$5,049,500 in fiscal year 2005-2006 to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation units within the Finance and Administration Cabinet."

"Tobacco Settlement Funds - Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Appropriations for Projects Not Line-Itemized: Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Phase I Tobacco Settlement Agricultural Development Initiative; Economic Development projects which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; the Capital Renewal and Maintenance Bond Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over \$400,000 and equipment estimated to cost over \$100,000 shall be reported to the Capital Projects and Bond Oversight Committee. All moneys transferred to the Finance and Administration Cabinet for capital construction from any appropriations, including income from investments, shall be expended, accounted for, and otherwise treated in the same manner as funds appropriated directly to the Finance and Administration Cabinet for capital construction."

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, contains language provisions that direct:

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Debt Service

"Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco supported funding program accounts to other accounts of the General Fund."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State Executive Branch Budget Bill, Part I, Operating Budget, General Fund appropriation, to accommodate revised debt service funding for projects in the Capital Budget.

The General Assembly amends the State Executive Branch Budget Bill, Part I, Operating Budget, language provision as follows:

"New Debt Service: Included in the above General Fund appropriation is \$7,493,000 in fiscal year 2005-2006 to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation units within the Finance and Administration Cabinet."

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G - Finance and Administration Cabinet**Operating Budget****Facilities and Support Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	7,243,900	7,243,900		7,242,600	7,242,600	
Restricted Funds	29,536,500	29,536,500		29,282,000	29,282,000	
Regular Total Funds	36,780,400	36,780,400		36,524,600	36,524,600	
Continuing						
TOTAL FUNDS	36,780,400	36,780,400		36,524,600	36,524,600	
II. EXPENDITURE CATEGORY						
Personnel Costs	16,671,500	16,671,500		16,683,400	16,683,400	
Operating Expenses	17,402,900	17,402,900		17,420,200	17,420,200	
Capital Outlay	706,000	706,000		421,000	421,000	
Construction	2,000,000	2,000,000		2,000,000	2,000,000	
TOTAL EXPENDITURES	36,780,400	36,780,400		36,524,600	36,524,600	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	7,243,900	7,243,900		7,242,600	7,242,600	
Restricted Funds	29,536,500	29,536,500		29,282,000	29,282,000	
Regular Total Funds	36,780,400	36,780,400		36,524,600	36,524,600	
Continuing						
TOTAL BASE LEVEL	36,780,400	36,780,400		36,524,600	36,524,600	

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Facilities and Support Services

BILL AS INTRODUCED

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from the Department of Facilities and Support Services, Perry/Knott Recreational Authority-Red Fox Golf Course Project, in the amount of \$1,685,000 in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Authorization and Purpose of Pool: The Guaranteed Energy Performance Projects Pool shall serve as a central project pool for Guaranteed Energy Savings Performance Contracts in any state-owned building. These contracts will function as lease-purchase procurements, using energy savings as payment for improvements, as provided by KRS 56.770 to 56.784. The Finance and Administration Cabinet is authorized to enter into various guaranteed energy performance contracts for facilities in any state agency."

"Restricted Funds – Kentucky Capitol Complex: The Restricted Funds authorized for the Improve Site Infrastructure – Kentucky Capitol Complex project are restricted by the Federal Government. One of the authorized uses is for energy related projects. It is the intention of the General Assembly that these funds be used to offset a portion of the cost for the new Power Plant Building at the Capitol Annex which will result in substantial energy savings."

**Fiscal Biennium 2004-2006
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Facilities and Support Services

GENERALASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State Executive Branch Budget Bill, Part I, Operating Budget, language provision as follows:

"Old Governor's Mansion: The Secretary of the Finance and Administration Cabinet shall expend no funds to maintain a home for the Lieutenant Governor. he Secretary of the Finance and Administration Cabinet is directed to transfer the operation and use of the Old Governor's Mansion to the Kentucky Historical Society and transfer funding of \$100,000 in fiscal year 2004-2005 and \$100,000 in fiscal year 2005-2006. The Kentucky Historical Society shall direct the official use of the Old Governor's Mansion, which shall not be used as a residence of the Lieutenant Governor."

The General Assembly amends the State Executive Branch Budget Bill, Part II, Capital Projects Budget by providing Bond Funds totaling \$18,225,000 for the Statewide Repair, Maintenance, and Replacement Pool Fund in fiscal year 2004-2005, \$975,000 in Investment Income for the Acquire Land/Demolish Bldgs. - Statewide - Additional project in fiscal year 2004-2005, \$800,000 in General Fund for the Governor's Mansion HVAC and Window Replacement project in fiscal year 2004-2005, \$2,500,000 in Investment Income and \$2,500,000 in General Fund for the Emergency Repair, Maintenance & Replacement Fund in fiscal year 2004-2005, \$3,750,000 in Investment Income and \$124,000 in Restricted Funds for the Maintenance Pool in fiscal year 2004-2005 as well as \$124,000 Restricted Funds in fiscal year 2005-2006, \$1,800,000 Restricted Funds and \$6,000,000 Bond Funds for the Improve Site Infrastructure-KY Capitol Complex II in fiscal year 2004-2005, \$5,000,000 General Fund and \$1,400,000 Investment Income for the Capital Construction and Equipment Purchase Contingency Fund in fiscal year 2004-2005, \$444,400 Capital Construction Surplus for the Deferred Maintenance Fund in fiscal year 2004-2005 and 35,000,000 Bond Funds for the Renovate State Office Bldg. Phase II project.

The General Assembly amends the State Executive Branch Budget Bill, Part II, Capital Budget, language provision as follows:

"Statewide Repair, Maintenance, and Replacement Pool Fund: Included in the above Statewide Repair, Maintenance, and Replacement Pool Fund are the following Bond Funds supported projects and related appropriations in fiscal year 2004-2005:

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Facilities and Support Services

- (a) Military Affairs, Construct 30 New T-Hangars, Capital City Airport, \$1,350,000;
- (b) Military Affairs, Maintenance Pool, \$860,000;
- (c) Parks, Maintenance Pool, \$3,990,000;
- (d) Kentucky Horse Park Commission, Maintenance Pool, \$575,000;
- (e) Department of Education, Operations and Support Services, \$675,000;
- (f) Environmental and Public Protection Cabinet, Department for Environmental Protection, State-Owned Dam Repair, \$1,000,000;
- (g) Facilities and Support Services, Acquire Land/Demolish Buildings Statewide, \$975,000;
- (h) Facilities and Support Services, Statewide Deferred Maintenance Fund, \$1,000,000;
- (i) Facilities and Support Services Maintenance Pool, \$3,750,000;
- (j) Health and Family Services Cabinet, Department for Mental Health and Mental Retardation Services, Maintenance Pool, 1,500,000;
- (k) Health and Family Services Cabinet, Miscellaneous Roof Pool, \$700,000; and
- (l) Justice and Public Safety Cabinet, Corrections Management, Maintenance Pool, \$1,850,000."

The General Assembly sustains the following Veto Message from the Governor of the Commonwealth:

Partial Veto #7 of HB 267- "I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part on page 89, line 25, after the period, delete "The" and page 89, lines 26 through 27 in their entirety and page 90, delete lines 1 through 3 in their entirety: 'Secretary of the Finance and Administration Cabinet is directed to transfer the operation and use of the Old Governor's Mansion to the Kentucky Historical Society and transfer funding of \$100,000 in fiscal year 2004-2005 and \$100,000 in fiscal year 2005-2006. The Kentucky Historical Society shall direct the official use of the Old Governor's Mansion, which shall not be used as a residence of the Lieutenant Governor.' This part transfers ownership of the Old Governor's Mansion to the Kentucky Historical Society. I am vetoing this part because the Old Governor's Mansion will be better served by being administered within the Finance and Administration Cabinet's Division of Historic Properties within the Department for Facilities and Support Services. The Department for Facilities and Support Services has as its core mission to manage and maintain state-owned facilities. The Division of Historic Properties has specific expertise with state-owned properties of significant historical value to the citizens of the Commonwealth."

G - Finance and Administration Cabinet**Capital Budget****Facilities and Support Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund	7,500,000	8,300,000	800,000			
Restricted Funds	1,924,000	1,924,000		124,000	124,000	
Bond Funds	6,000,000	59,225,000	53,225,000			
Capital Construction Sur	444,400	444,400				
Investment Income	9,125,000	8,625,000	(500,000)	7,725,000		(7,725,000)
TOTAL CAPITAL	24,993,400	78,518,400	53,525,000	7,849,000	124,000	(7,725,000)
II. CAPITAL PROJECTS						
1	Acquire Land/ Demolish Bldgs-Statewide-Additional					
PRJ7850150						
Investment Income	975,000	975,000		975,000		(975,000)
Project Total	975,000	975,000		975,000		(975,000)
2	Improve Site Infrastructure-KY Capitol Complex II					
PRJ7850151						
Restricted Funds	1,800,000	1,800,000				
Bond Funds	6,000,000	6,000,000				
Project Total	7,800,000	7,800,000				
3	Capital Const & Equip Purchase Cont Fund					
PRJ7850160						
General Fund	5,000,000	5,000,000				
Investment Income	1,400,000	1,400,000				
Project Total	6,400,000	6,400,000				
4	Governors Mansion HVAC and window replacement					
PRJ7850169						
General Fund		800,000	800,000			
Project Total		800,000	800,000			
5	Deferred Maintenance Fund					
PRJ7850156						
Capital Construction Sur	444,400	444,400				
Investment Income	500,000		(500,000)	500,000		(500,000)
Project Total	944,400	444,400	(500,000)	500,000		(500,000)

G - Finance and Administration Cabinet**Capital Budget****Facilities and Support Services**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
6	Energy Performance Projects Pool						
PRJ7850153							
Other Funds							
Project Total							
7	Emergency Repair, Maint & Replacement Fund						
PRJ7850166							
General Fund		2,500,000	2,500,000				
Investment Income		2,500,000	2,500,000		2,500,000		(2,500,000)
Project Total		5,000,000	5,000,000		2,500,000		(2,500,000)
8	Maint Pool-Finance Owned Bldgs						
PRJ7850167							
Restricted Funds		124,000	124,000		124,000	124,000	
Investment Income		3,750,000	3,750,000		3,750,000		(3,750,000)
Project Total		3,874,000	3,874,000		3,874,000	124,000	(3,750,000)
9	Statewide Repair, Maintenance, and Replacement Pool Fund						
PRJ7850168							
Bond Funds			18,225,000	18,225,000			
Project Total			18,225,000	18,225,000			
10	Renovate State Off. Bldg. Phase 2-Franklin Co						
PRJ7850152							
Bond Funds			35,000,000	35,000,000			
Project Total			35,000,000	35,000,000			
TOTAL CAPITAL		24,993,400	78,518,400	53,525,000	7,849,000	124,000	(7,725,000)

G - Finance and Administration Cabinet

Operating Budget

County Costs

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	18,581,500	18,581,500		18,681,500	18,681,500	
Restricted Funds	1,925,000	1,925,000		1,925,000	1,925,000	
Regular Total Funds	20,506,500	20,506,500		20,606,500	20,606,500	
Continuing						
TOTAL FUNDS	20,506,500	20,506,500		20,606,500	20,606,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	1,900,000	1,900,000		1,900,000	1,900,000	
Operating Expenses	14,281,500	14,281,500		14,381,500	14,381,500	
Grants, Loans, Benefits	4,325,000	4,325,000		4,325,000	4,325,000	
TOTAL EXPENDITURES	20,506,500	20,506,500		20,606,500	20,606,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	18,581,500	18,581,500		18,681,500	18,681,500	
Restricted Funds	1,925,000	1,925,000		1,925,000	1,925,000	
Regular Total Funds	20,506,500	20,506,500		20,606,500	20,606,500	
Continuing						
TOTAL BASE LEVEL	20,506,500	20,506,500		20,606,500	20,606,500	

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County Costs

BILL AS INTRODUCED

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"County Costs: Funds required to pay county costs are appropriated and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet, subject to the conditions and procedures provided in this Act."

The bill as introduced provides expenditures by program within the County Cost appropriation unit as follows:

<u>Program</u>	<u>FY2004-2005</u>	<u>FY2005-2006</u>
Public Defender Program	1,850,000	1,850,000
Witnesses	150,000	150,000
DUI Service Fees	1,425,000	1,425,000
Sheriffs Fees'	7,800,000	7,800,000
County Clerks (Make Tax Bills)	400,000	400,000
Board of Assessment Appeals	75,000	75,000
Fugitive from Justice	1,700,000	1,700,000
Jury Fund	3,700,000	3,800,000
Sheriffs Expense Allowance	500,000	500,000
Premium on Sheriffs' Bond	6,500	6,500
Base Court Revenue	0	0
Access to Justice	2,900,000	2,900,000
Total Expenditures	<u>20,506,500</u>	<u>20,606,500</u>

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County Costs

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

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G - Finance and Administration Cabinet

Operating Budget

Commonwealth Office of Technology

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	292,500	292,500		292,500	292,500	
Restricted Funds	56,636,400	56,636,400		56,718,800	56,718,800	
Federal Funds	771,800	771,800		628,300	628,300	
Road Fund	125,000	125,000		125,000	125,000	
Regular Total Funds	57,825,700	57,825,700		57,764,600	57,764,600	
Continuing						
TOTAL FUNDS	57,825,700	57,825,700		57,764,600	57,764,600	
II. EXPENDITURE CATEGORY						
Personnel Costs	33,044,900	33,044,900		33,196,000	33,196,000	
Operating Expenses	23,105,800	23,105,800		22,893,600	22,893,600	
Grants, Loans, Benefits	175,000	175,000		175,000	175,000	
Construction	1,500,000	1,500,000		1,500,000	1,500,000	
TOTAL EXPENDITURES	57,825,700	57,825,700		57,764,600	57,764,600	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	292,500	292,500		292,500	292,500	
Restricted Funds	56,636,400	56,636,400		56,718,800	56,718,800	
Federal Funds	771,800	771,800		628,300	628,300	
Road Fund	125,000	125,000		125,000	125,000	
Regular Total Funds	57,825,700	57,825,700		57,764,600	57,764,600	
Continuing						
TOTAL BASE LEVEL	57,825,700	57,825,700		57,764,600	57,764,600	

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BILL AS INTRODUCED

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from Technology Trust Fund, in the amount of \$864,800, in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Transfer of Restricted Funds from Operating Budget: For the major equipment purchases displayed in this section funded from Restricted Funds, it is anticipated that these funds shall be transferred from the Operating Budget as funds are available and needed."

Kentucky Information Highway- A \$3.5 million investment in restricted funds for the Kentucky Information Highway, a statewide telecommunications and information network, that has been developed by Kentucky state government in partnership with private telephone companies.

Kentucky Emergency Warning System- Among the top priorities identified for funding is the Kentucky Emergency Warning System replacement project (\$26.7 million in bonds). This project will replace the statewide Emergency Warning System for the Commonwealth that is relied upon by law enforcement, emergency response, Kentucky Educational Television (KET), and local officials in the event of impending or actual disaster. It replaces the seriously outdated system created and constructed in the immediate wake of the 1974 tornado outbreak in the Commonwealth.

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Unified Criminal Justice System E-WARRANT- Another top priority is the \$4.5 million Unified Criminal Justice System. The system will improve prosecutorial, law enforcement, and judicial functions.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly amends the State Executive Branch Budget Bill, Part I, Operating Budget, by adding the following language:

"Merged Dispatch Funds: Notwithstanding KRS 65.7631, any Public Safety Answering Point (PSAP) that chooses to consolidate operations after July 15, 1998 shall continue to receive pro rata shares as if each had remained separate and distinct entities."

The General Assembly amends the State Executive Branch Budget Bill, Part II, Capital Projects Budget, by providing Bond Funds totaling \$13,768,000 in fiscal year 2004-2005 for the Public Safety Communications Infrastructure - KEWS project.

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G - Finance and Administration Cabinet

Capital Budget

Commonwealth Office of Technology

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Restricted Funds	11,610,000	11,610,000		4,750,000	4,750,000	
Federal Funds	1,300,000	1,300,000				
Bond Funds	31,268,000	18,268,000	(13,000,000)			
TOTAL CAPITAL	44,178,000	31,178,000	(13,000,000)	4,750,000	4,750,000	
II. CAPITAL PROJECTS						
1 UCJIS - Court Improvements (E-Warrants)						
PRJ0790028						
Federal Funds	1,000,000	1,000,000				
Bond Funds	4,500,000	4,500,000				
Project Total	5,500,000	5,500,000				
2 Enterprise Infrastructure Security						
PRJ0790029						
Restricted Funds	1,000,000	1,000,000				
Project Total	1,000,000	1,000,000				
3 Enterprise Storage Solution						
PRJ0790031						
Restricted Funds	1,000,000	1,000,000		1,000,000	1,000,000	
Project Total	1,000,000	1,000,000		1,000,000	1,000,000	
4 Enterprise Tape Equipment/Media Solution						
PRJ0790032						
Restricted Funds	1,200,000	1,200,000				
Project Total	1,200,000	1,200,000				
5 Enterprise Messaging						
PRJ0790033						
Restricted Funds	660,000	660,000				
Project Total	660,000	660,000				
6 Disaster Recovery Project-Design						
PRJ0790034						
Restricted Funds				1,200,000	1,200,000	
Project Total				1,200,000	1,200,000	

G - Finance and Administration Cabinet**Capital Budget****Commonwealth Office of Technology**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
7	Kentucky Information Highway Upgrade Expansion-Additional						
PRJ0790035							
	Restricted Funds	3,500,000	3,500,000				
	Project Total	3,500,000	3,500,000				
8	Enterprise UNIX Server(s) Consolidation						
PRJ0790037							
	Restricted Funds	2,000,000	2,000,000		1,300,000	1,300,000	
	Project Total	2,000,000	2,000,000		1,300,000	1,300,000	
9	Enterprise Server Complex Update						
PRJ0790040							
	Restricted Funds	1,250,000	1,250,000		1,250,000	1,250,000	
	Project Total	1,250,000	1,250,000		1,250,000	1,250,000	
10	Statewide Digital Orthoimagery Basemap Updating						
PRJ0790042							
	Restricted Funds	200,000	200,000				
	Federal Funds	300,000	300,000				
	Project Total	500,000	500,000				
11	Disk Storage Upgrade						
PRJ0790044							
	Restricted Funds	800,000	800,000				
	Project Total	800,000	800,000				
12	Public Safety Communication Infrastructure-KEWS						
PRJ0790047							
	Bond Funds	26,768,000	13,768,000	(13,000,000)			
	Project Total	26,768,000	13,768,000	(13,000,000)			
13	Franklin County - Lease						
PRJ0790049							
	General Fund						
	Project Total						
TOTAL CAPITAL		44,178,000	31,178,000	(13,000,000)	4,750,000	4,750,000	

G - Finance and Administration Cabinet**Operating Budget****Revenue**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	175,000	175,000		175,000	175,000	
General Fund	61,183,200	61,183,200		62,860,700	62,860,700	
Restricted Funds	3,234,800	3,234,800		3,197,700	3,197,700	
Road Fund	1,418,000	1,418,000		1,418,000	1,418,000	
Regular Total Funds	66,011,000	66,011,000		67,651,400	67,651,400	
Continuing						
TOTAL FUNDS	66,011,000	66,011,000		67,651,400	67,651,400	
II. EXPENDITURE CATEGORY						
Personnel Costs	44,030,300	44,030,300		44,028,800	44,028,800	
Operating Expenses	21,980,700	21,980,700		23,622,600	23,622,600	
TOTAL EXPENDITURES	66,011,000	66,011,000		67,651,400	67,651,400	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	175,000	175,000		175,000	175,000	
General Fund	61,183,200	61,183,200		62,860,700	62,860,700	
Restricted Funds	3,234,800	3,234,800		3,197,700	3,197,700	
Road Fund	1,418,000	1,418,000		1,418,000	1,418,000	
Regular Total Funds	66,011,000	66,011,000		67,651,400	67,651,400	
Continuing						
TOTAL BASE LEVEL	66,011,000	66,011,000		67,651,400	67,651,400	

**Fiscal Biennium 2004-2006
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Revenue

BILL AS INTRODUCED

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from the Department of Revenue, Agency Revenue Fund, in the amount of \$103,700, in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Insurance Surcharge Rate: Pursuant to KRS 136.392, the insurance surcharge rate shall be calculated at a rate to provide sufficient funds in the 2004-2006 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law Enforcement Foundation Program Fund. The calculation of sufficient funds for the above-named programs shall include any Restricted Funds carried forward from fiscal years 2003-2004 and 2004-2005 provided by the General Assembly in this Act."

"Road Fund Compliance and Motor Vehicle Property Tax Programs: The above Road Fund appropriation in each fiscal year represents the cost of the Road Fund Compliance and Motor Vehicle Property Tax Programs within the Department of Revenue and is to be used exclusively for that purpose."

"Tax Compliance and Collection Efforts: Included in the above General Fund appropriation is \$4,007,800 in fiscal year 2004-2005 and \$4,181,400 in fiscal year 2005-2006 for personnel, operating costs, and information systems to support compliance and efficiency in collections of delinquent taxes and other amounts owed to the Commonwealth."

**Fiscal Biennium 2004-2006
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Revenue

"Operations of Revenue: Notwithstanding KRS 132.672 and 365.390(2), funds may be expended in support of the operations of the Department of Revenue."

Debt Collection- The bill as introduced, recommends new funding for the Revenue Department to aggressively collect debts owed to the Commonwealth. Both staff resources as well as technology resources are bolstered with the projected result of the collection of an additional \$10 million in fiscal year 2004-2005 and \$20 million in fiscal year 2005-2006.

Streamlined Sales Tax Project- Bond funds totaling \$14,062,000 will be used to revamp the information systems needed to implement changes to the sales tax systems required for the Commonwealth to benefit from the National Streamlined Sales Tax Project. This is the interstate coordinated effort to simplify and streamline the taxation of remote sales across the states.

Significant Revenue Information Technology System Projects- Three significant systems for the Department of Revenue include the Streamlined Sales Tax Simplification project, \$14 million, the Business Refund Offset system, \$1.75 million, and the Collection System Interface Phase I, \$1.5 million. These systems are all necessary to ensure that revenues are properly and efficiently collected.

The Bill as introduced provides General Fund-Phase I Tobacco Settlement Funds totaling \$175,000 in fiscal year 2004-2005 and \$175,000 in fiscal year 2005-2006 for the Department of Revenue to enhance the enforcement of the provisions of KRS 131.600 and 131.604-131.630.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

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G - Finance and Administration Cabinet**Capital Budget****Revenue**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund	875,000	875,000				
Bond Funds	17,312,000	17,312,000				
TOTAL CAPITAL	18,187,000	18,187,000				
II. CAPITAL PROJECTS						
1 Develop Streamlined Sales Tax Simplification System						
PRJC30A0022						
Bond Funds	14,062,000	14,062,000				
Project Total	14,062,000	14,062,000				
2 Lease - Franklin County						
PRJC30A0024						
General Fund						
Project Total						
3 Lease - Franklin County						
PRJC30A0025						
General Fund						
Project Total						
4 Lease - Franklin County						
PRJC30A0026						
General Fund						
Project Total						
5 Business Refund Off-Set System						
PRJC30A0027						
Bond Funds	1,750,000	1,750,000				
Project Total	1,750,000	1,750,000				
6 Collection System Interface Phase I						
PRJC30A0028						
Bond Funds	1,500,000	1,500,000				
Project Total	1,500,000	1,500,000				

G - Finance and Administration Cabinet

Capital Budget

Revenue

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
7	Scanner Replacement						
PRJC30A0029							
General Fund		875,000	875,000				
Project Total		875,000	875,000				
TOTAL CAPITAL		18,187,000	18,187,000				

G - Finance and Administration Cabinet

Operating Budget

Property Valuation Administrators

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	29,719,600	29,719,600		30,532,600	30,532,600	
Restricted Funds	3,578,100	3,578,100		3,510,000	3,510,000	
Regular Total Funds	33,297,700	33,297,700		34,042,600	34,042,600	
Continuing						
TOTAL FUNDS	33,297,700	33,297,700		34,042,600	34,042,600	
II. EXPENDITURE CATEGORY						
Personnel Costs	32,865,700	32,865,700		33,610,600	33,610,600	
Operating Expenses	432,000	432,000		432,000	432,000	
TOTAL EXPENDITURES	33,297,700	33,297,700		34,042,600	34,042,600	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	29,719,600	29,719,600		30,532,600	30,532,600	
Restricted Funds	3,578,100	3,578,100		3,510,000	3,510,000	
Regular Total Funds	33,297,700	33,297,700		34,042,600	34,042,600	
Continuing						
TOTAL BASE LEVEL	33,297,700	33,297,700		34,042,600	34,042,600	

**Fiscal Biennium 2004-2006
Budget Modification Report**

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Property Valuation Administrators

BILL AS INTRODUCED

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from the Property Valuation Administration Restricted Funds, in the amount of \$111,600, in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Management of Expenditures: Notwithstanding KRS 132.590 and 132.597, the property valuation administrators are authorized to take necessary actions to manage expenditures within the appropriated amounts contained in this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

G - Finance and Administration Cabinet

Capital Budget

Kentucky Lottery Corporation

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Other Funds	21,500,000	21,500,000		3,000,000	3,000,000	
TOTAL CAPITAL	21,500,000	21,500,000		3,000,000	3,000,000	
II. CAPITAL PROJECTS						
1 Sales & Quota System						
PRJ0810168						
Other Funds	500,000	500,000				
Project Total	500,000	500,000				
2 Potential Buyout of On-line Gambling System						
PRJ0810169						
Other Funds	12,250,000	12,250,000				
Project Total	12,250,000	12,250,000				
3 Contingency on Property Adjacent to New Headquarters						
PRJ0810170						
Other Funds	3,750,000	3,750,000				
Project Total	3,750,000	3,750,000				
4 Network Storage & Associated Infrastructure						
PRJ0810171						
Other Funds	500,000	500,000				
Project Total	500,000	500,000				
5 i Series System Upgrades						
PRJ0810172						
Other Funds	1,500,000	1,500,000				
Project Total	1,500,000	1,500,000				
6 Data Processing, Telecomm., and Related Equipment						
PRJ0810173						
Other Funds	3,000,000	3,000,000		3,000,000	3,000,000	
Project Total	3,000,000	3,000,000		3,000,000	3,000,000	
TOTAL CAPITAL	21,500,000	21,500,000		3,000,000	3,000,000	

**Fiscal Biennium 2004-2006
Budget Modification Report**

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KY Lottery Corporation

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Property Acquisition: The Kentucky Lottery Corporation may acquire properties related to the consolidation of the Kentucky Lottery Corporation's facilities assuming one or more of the properties becomes available for purchase. The purchase price of the properties shall not exceed \$3,750,000 in the aggregate."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced.

FISCAL BIENNIUM 2004-2006 COMMONWEALTH BUDGET

FINAL BUDGET MEMORANDUM

HEALTH AND FAMILY SERVICES

APRIL 27, 2005

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Health and Family Services Cabinet

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FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

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OPERATING BUDGET - TOTAL FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration and Program Support	87,939,400	87,939,400		88,132,500	88,133,500	1,000
Commission for Children with Special Health Care Needs	15,198,500	15,198,500		15,198,500	15,198,500	
Medicaid Services - Administration	76,348,600	76,348,600		76,348,600	76,348,600	
Medicaid Services - Benefits	4,334,300,200	4,334,300,200		4,309,092,200	4,205,830,600	(103,261,600)
Mental Health and Mental Retardation Services	394,834,300	394,834,300		388,163,700	390,414,700	2,251,000
Public Health	312,604,000	312,604,000		315,554,800	316,744,800	1,190,000
Certificate of Need	280,600	280,600		323,900	323,900	
Human Support Services	51,146,100	51,146,100		54,564,700	55,564,700	1,000,000
Ombudsman	6,779,400	6,779,400		6,779,400	6,779,400	
Disability Determination Services	43,709,600	43,709,600		44,758,000	44,758,000	
Community Based Services	895,213,300	895,213,300		910,328,000	912,938,000	2,610,000
Regular Appropriation	6,218,354,000	6,218,354,000		6,209,244,300	6,113,034,700	(96,209,600)

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - GENERAL FUND (TOBACCO)

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
Commission for Children with Special Health Care Needs	455,000	455,000		455,000	455,000	
Mental Health and Mental Retardation Services	900,000	900,000		900,000	900,000	
Public Health	16,768,000	16,768,000		17,373,000	17,373,000	
Community Based Services	8,300,400	8,300,400		8,300,400	8,300,400	
Regular Appropriation	26,423,400	26,423,400		27,028,400	27,028,400	
CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT						
Community Based Services	153,800	153,800				
Commission for Children with Special Health Car	43,900	43,900				
Public Health	4,623,800	4,623,800				
Reserve Spending	4,821,500	4,821,500				

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - GENERAL FUND

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration and Program Support	35,609,200	35,609,200		35,962,200	35,363,200	(599,000)
Commission for Children with Special Health Care Needs	5,490,500	5,490,500		5,490,500	5,490,500	
Medicaid Services - Administration	17,067,000	17,067,000		17,067,000	17,067,000	
Medicaid Services - Benefits	855,365,500	855,365,500		927,255,500	925,395,500	(1,860,000)
Mental Health and Mental Retardation Services	166,535,000	166,535,000		164,122,700	166,373,700	2,251,000
Public Health	64,649,900	64,649,900		65,667,900	66,857,900	1,190,000
Certificate of Need	117,700	117,700		117,700	117,700	
Human Support Services	26,621,600	26,621,600		29,469,900	30,469,900	1,000,000
Ombudsman	3,767,200	3,767,200		3,767,200	3,767,200	
Community Based Services	275,476,700	275,476,700		298,076,700	300,236,700	2,160,000
Regular Appropriation	1,450,700,300	1,450,700,300		1,546,997,300	1,551,139,300	4,142,000

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - RESTRICTED FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration and Program Support	10,653,300	10,653,300		10,163,800	10,163,800	
Commission for Children with Special Health Care Needs	4,640,000	4,640,000		4,666,000	4,666,000	
Medicaid Services - Administration	18,306,000	18,306,000		18,306,000	18,306,000	
Medicaid Services - Benefits	448,200,000	448,200,000		374,600,000	376,760,000	2,160,000
Mental Health and Mental Retardation Services	185,119,800	185,119,800		180,338,500	180,338,500	
Public Health	70,183,800	70,183,800		71,532,200	71,532,200	
Certificate of Need	162,900	162,900		206,200	206,200	
Human Support Services	691,400	691,400		645,900	645,900	
Ombudsman	400,000	400,000		400,000	400,000	
Disability Determination Services	65,800	65,800		65,800	65,800	
Community Based Services	135,169,500	135,169,500		118,329,800	118,779,800	450,000
Regular Appropriation	873,592,500	873,592,500		779,254,200	781,864,200	2,610,000

FB 2004-2006 FINAL BUDGET MEMORANDUM - 2005 GENERAL ASSEMBLY

OPERATING BUDGET - FEDERAL FUNDS

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT						
General Administration and Program Support	41,676,900	41,676,900		42,006,500	42,606,500	600,000
Commission for Children with Special Health Care Needs	4,613,000	4,613,000		4,587,000	4,587,000	
Medicaid Services - Administration	40,975,600	40,975,600		40,975,600	40,975,600	
Medicaid Services - Benefits	3,030,734,700	3,030,734,700		3,007,236,700	2,903,675,100	(103,561,600)
Mental Health and Mental Retardation Services	42,279,500	42,279,500		42,802,500	42,802,500	
Public Health	161,002,300	161,002,300		160,981,700	160,981,700	
Human Support Services	23,833,100	23,833,100		24,448,900	24,448,900	
Ombudsman	2,612,200	2,612,200		2,612,200	2,612,200	
Disability Determination Services	43,643,800	43,643,800		44,692,200	44,692,200	
Community Based Services	476,266,700	476,266,700		485,621,100	485,621,100	
Regular Appropriation	3,867,637,800	3,867,637,800		3,855,964,400	3,753,002,800	(102,961,600)

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H - Health and Family Services Cabinet**Operating Budget****Summary Totals**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	26,423,400	26,423,400		27,028,400	27,028,400	
General Fund	1,450,700,300	1,450,700,300		1,546,997,300	1,551,139,300	4,142,000
Restricted Funds	873,592,500	873,592,500		779,254,200	781,864,200	2,610,000
Federal Funds	3,867,637,800	3,867,637,800		3,855,964,400	3,753,002,800	(102,961,600)
Regular Total Funds	6,218,354,000	6,218,354,000		6,209,244,300	6,113,034,700	(96,209,600)
Continuing	4,821,500	4,821,500				
TOTAL FUNDS	6,223,175,500	6,223,175,500		6,209,244,300	6,113,034,700	(96,209,600)

II. EXPENDITURE CATEGORY

Personnel Costs	564,026,600	564,026,600		561,630,200	561,630,200	
Operating Expenses	126,944,500	126,944,500		139,701,400	139,601,400	(100,000)
Grants, Loans, Benefits	5,531,557,500	5,531,557,500		5,506,747,400	5,410,635,800	(96,111,600)
Debt Service				907,000	909,000	2,000
Capital Outlay	646,900	646,900		258,300	258,300	
TOTAL EXPENDITURES	6,223,175,500	6,223,175,500		6,209,244,300	6,113,034,700	(96,209,600)

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	26,423,400	26,423,400		27,028,400	27,028,400	
General Fund	1,450,700,300	1,450,700,300		1,546,997,300	1,543,489,300	(3,508,000)
Restricted Funds	873,592,500	873,592,500		779,254,200	780,814,200	1,560,000
Federal Funds	3,867,637,800	3,867,637,800		3,855,964,400	3,751,651,000	(104,313,400)
Regular Total Funds	6,218,354,000	6,218,354,000		6,209,244,300	6,102,982,900	(106,261,400)
Continuing	4,821,500	4,821,500				
TOTAL BASE LEVEL	6,223,175,500	6,223,175,500		6,209,244,300	6,102,982,900	(106,261,400)

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund					7,650,000	7,650,000
Restricted Funds					1,050,000	1,050,000
Federal Funds					1,351,800	1,351,800
TOTAL ADDITIONAL					10,051,800	10,051,800

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H - Health and Family Services Cabinet**Capital Budget****Summary Totals**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund (Tobacco)	660,000	660,000				
General Fund	1,000,000	1,000,000		6,000,000	6,000,000	
Federal Funds	8,687,000	8,687,000		10,000,000	10,000,000	
Bond Funds	14,427,000	14,427,000				
Capital Construction Sur	1,090,000	1,090,000				
Investment Income	2,800,000	2,100,000	(700,000)	1,500,000		(1,500,000)
TOTAL CAPITAL	28,664,000	27,964,000	(700,000)	17,500,000	16,000,000	(1,500,000)

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H - Health and Family Services Cabinet**Operating Budget****General Administration and Program Support**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	35,609,200	35,609,200		35,962,200	35,363,200	(599,000)
Restricted Funds	10,653,300	10,653,300		10,163,800	10,163,800	
Federal Funds	41,676,900	41,676,900		42,006,500	42,606,500	600,000
Regular Total Funds	87,939,400	87,939,400		88,132,500	88,133,500	1,000
Continuing						
TOTAL FUNDS	87,939,400	87,939,400		88,132,500	88,133,500	1,000
II. EXPENDITURE CATEGORY						
Personnel Costs	49,361,800	49,361,800		44,897,100	44,897,100	
Operating Expenses	36,610,900	36,610,900		41,471,100	41,371,100	(100,000)
Grants, Loans, Benefits	1,946,200	1,946,200		1,378,500	1,478,500	100,000
Debt Service				353,000	354,000	1,000
Capital Outlay	20,500	20,500		32,800	32,800	
TOTAL EXPENDITURES	87,939,400	87,939,400		88,132,500	88,133,500	1,000
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	35,609,200	35,609,200		35,962,200	35,363,200	(599,000)
Restricted Funds	10,653,300	10,653,300		10,163,800	10,163,800	
Federal Funds	41,676,900	41,676,900		42,006,500	42,606,500	600,000
Regular Total Funds	87,939,400	87,939,400		88,132,500	88,133,500	1,000
Continuing						
TOTAL BASE LEVEL	87,939,400	87,939,400		88,132,500	88,133,500	1,000

**Fiscal Biennium 2004-2006
Budget Modification Report**

04/19/05 8:43 AM

General Administration and Program Support

BILL AS INTRODUCED

The State/Executive Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Fund Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V Funds Transfer, includes a transfer from General Administration and Program Support of \$169,100 (KRS 212.025(2)) in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Maximizing Federal Funds: Pursuant to compliance with the State/Executive Budget Bill and the Statutory Budget Memorandum, the Health and Family Services Cabinet shall maximize Federal Funds for programs within the Cabinet."

"Human Services Transportation Delivery: Notwithstanding KRS 281.014, the Kentucky Works Program shall not participate in the Human Services Transportation Delivery Program or the Coordinated Transportation Advisory Committee effective July 1, 2002."

"Debt Service: Included in the above General Fund appropriation is \$353,000 in fiscal year 2005-2006 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

**Fiscal Biennium 2004-2006
Budget Modification Report**

04/19/05 8:43 AM

General Administration and Program Support

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly added in Part I, Operating Budget, a language provision that directs:

"Federally Funded Positions: Notwithstanding KRS 18A.010(2) and any provisions of this Act to the contrary, direct service units of the Office of Inspector General, Office of Aging Services, Department for Disability Determination, Department for Community Based Services, Department for Medicaid Services, Department for Mental Health/Mental Retardation Services, and the Department for Public Health shall be authorized to establish and fill such additional positions as are 100 percent federally funded for salary and fringe benefits."

The General Assembly amends the Part I, Operating Budget, language relating to Debt Service as follows:

"Debt Service: Included in the above General Fund appropriation is \$354,000 in fiscal year 2005-2006 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

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H - Health and Family Services Cabinet**Capital Budget****General Administration and Program Support**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund	1,000,000	1,000,000		6,000,000	6,000,000	
Federal Funds	8,687,000	8,687,000		10,000,000	10,000,000	
Bond Funds	5,027,000	5,027,000				
Capital Construction Sur	1,090,000	1,090,000				
TOTAL CAPITAL	15,804,000	15,804,000		16,000,000	16,000,000	
II. CAPITAL PROJECTS						
1	TWIST Computer System Re-write					
PRJHFS1099						
Federal Funds	1,188,000	1,188,000				
Bond Funds	2,205,000	2,205,000				
Project Total	3,393,000	3,393,000				
2	Computer Servers Upgrade Phase I					
PRJHFS1101						
Federal Funds	500,000	500,000				
Capital Construction Sur	500,000	500,000				
Project Total	1,000,000	1,000,000				
3	Network Infrastructure Upgrade					
PRJHFS1102						
Federal Funds	972,000	972,000				
Bond Funds	782,000	782,000				
Capital Construction Sur	190,000	190,000				
Project Total	1,944,000	1,944,000				
4	Kentucky Automated Support and Enforcement System (KASES) Child Support Computer System Replacement					
PRJHFS1103						
Federal Funds	3,960,000	3,960,000				
Bond Funds	2,040,000	2,040,000				
Project Total	6,000,000	6,000,000				
5	Kentucky Automated Management and Eligibility System (KAMES) Computer System Replacements					
PRJHFS1104						
General Fund	1,000,000	1,000,000		6,000,000	6,000,000	
Federal Funds	1,667,000	1,667,000		10,000,000	10,000,000	
Project Total	2,667,000	2,667,000		16,000,000	16,000,000	

H - Health and Family Services Cabinet**Capital Budget****General Administration and Program Support**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
6	Telecommunications Upgrade - Various Facilities						
PRJHFS1130							
Federal Funds		400,000	400,000				
Capital Construction Sur		400,000	400,000				
Project Total		800,000	800,000				
7	Lease - Boone County						
PRJHFS1106							
General Fund							
Project Total							
8	Lease - Boyd County						
PRJHFS1107							
General Fund							
Project Total							
9	Lease Campbell County						
PRJHFS1108							
General Fund							
Project Total							
10	Lease - Fayette County #1						
PRJHFS1109							
General Fund							
Project Total							
11	Lease - Fayette County #2						
PRJHFS1110							
General Fund							
Project Total							
12	Lease - Franklin County						
PRJHFS1111							
General Fund							
Project Total							
13	Lease - Franklin County #2						
PRJHFS1112							
General Fund							
Project Total							

H - Health and Family Services Cabinet**Capital Budget****General Administration and Program Support**

Fiscal Year 2004-2005			Fiscal Year 2005-2006		
Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
14	Lease - Hardin County				
PRJHFS1113					
General Fund					
Project Total					
15	Lease - Harlan County				
PRJHFS1114					
General Fund					
Project Total					
16	Lease - Henderson County				
PRJHFS1115					
General Fund					
Project Total					
17	Lease - Jefferson County				
PRJHFS1116					
General Fund					
Project Total					
18	Lease - Johnson County				
PRJHFS1117					
General Fund					
Project Total					
19	Lease - Kenton County #1				
PRJHFS1118					
General Fund					
Project Total					
20	Lease - Kenton County #2				
PRJHFS1119					
General Fund					
Project Total					
21	Lease - Office of Technology Services - Franklin County #1				
PRJHFS1120					
General Fund					
Project Total					

H - Health and Family Services Cabinet**Capital Budget****General Administration and Program Support**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
22	Lease - Perry County						
PRJHFS1121							
General Fund							
Project Total							
23	Lease - Shelby County						
PRJHFS1122							
General Fund							
Project Total							
24	Lease - Warren County						
PRJHFS1123							
General Fund							
Project Total							
TOTAL CAPITAL		15,804,000	15,804,000		16,000,000	16,000,000	

H - Health and Family Services Cabinet**Operating Budget****Commission for Children with Special Health Care Needs**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	455,000	455,000		455,000	455,000	
General Fund	5,490,500	5,490,500		5,490,500	5,490,500	
Restricted Funds	4,640,000	4,640,000		4,666,000	4,666,000	
Federal Funds	4,613,000	4,613,000		4,587,000	4,587,000	
Regular Total Funds	15,198,500	15,198,500		15,198,500	15,198,500	
Continuing	43,900	43,900				
TOTAL FUNDS	15,242,400	15,242,400		15,198,500	15,198,500	
II. EXPENDITURE CATEGORY						
Personnel Costs	9,139,900	9,139,900		9,412,700	9,412,700	
Operating Expenses	1,586,800	1,586,800		1,584,700	1,584,700	
Grants, Loans, Benefits	4,484,100	4,484,100		4,201,100	4,201,100	
Capital Outlay	31,600	31,600				
TOTAL EXPENDITURES	15,242,400	15,242,400		15,198,500	15,198,500	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	455,000	455,000		455,000	455,000	
General Fund	5,490,500	5,490,500		5,490,500	5,490,500	
Restricted Funds	4,640,000	4,640,000		4,666,000	4,666,000	
Federal Funds	4,613,000	4,613,000		4,587,000	4,587,000	
Regular Total Funds	15,198,500	15,198,500		15,198,500	15,198,500	
Continuing	43,900	43,900				
TOTAL BASE LEVEL	15,242,400	15,242,400		15,198,500	15,198,500	

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Commission for Children with Special Health Care Needs

BILL AS INTRODUCED

The State/Executive Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Fund Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V Funds Transfer, includes a transfer from the Commission for Children with Special Health Care needs of \$446,000 General Fund (KRS 212.025(2)) and \$43,900 Tobacco Fund (KRS 200.151) in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$450,000 in each fiscal year for universal Newborn Hearing Screening and \$5,000 in each fiscal year for Vision Screening."

"Lapse of General Fund (Tobacco) Appropriation Balance: Notwithstanding KRS 200.151, \$43,900 of the General Fund (Tobacco) continuing appropriation shall lapse at the end of fiscal year 2004-2005 to the credit of the General Fund."

The State/ Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, includes language provisions that direct:

"Universal Newborn Hearing Screening and Vision Screening: Included in the above General Fund (Tobacco) appropriation is \$450,000 in each fiscal year for Universal Newborn Hearing Screening and \$5,000 in each fiscal year for Vision Screening."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

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Commission for Children with Special Health Care Needs

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

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H - Health and Family Services Cabinet**Operating Budget****Medicaid Services - Administration**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	17,067,000	17,067,000		17,067,000	17,067,000	
Restricted Funds	18,306,000	18,306,000		18,306,000	18,306,000	
Federal Funds	40,975,600	40,975,600		40,975,600	40,975,600	
Regular Total Funds	76,348,600	76,348,600		76,348,600	76,348,600	
Continuing						
TOTAL FUNDS	76,348,600	76,348,600		76,348,600	76,348,600	
II. EXPENDITURE CATEGORY						
Personnel Costs	58,503,300	58,503,300		58,503,300	58,503,300	
Operating Expenses	1,934,400	1,934,400		1,934,400	1,934,400	
Grants, Loans, Benefits	15,910,900	15,910,900		15,910,900	15,910,900	
TOTAL EXPENDITURES	76,348,600	76,348,600		76,348,600	76,348,600	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	17,067,000	17,067,000		17,067,000	17,067,000	
Restricted Funds	18,306,000	18,306,000		18,306,000	18,306,000	
Federal Funds	40,975,600	40,975,600		40,975,600	40,975,600	
Regular Total Funds	76,348,600	76,348,600		76,348,600	76,348,600	
Continuing						
TOTAL BASE LEVEL	76,348,600	76,348,600		76,348,600	76,348,600	

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Medicaid Administration

BILL AS INTRODUCED

The State/Executive Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The Bill as Introduced, Part I, Operating Budget, includes funding totaling \$36,229,000 each fiscal year to support the Medicaid eligibility determination contract with Community Based Services and \$1 million each fiscal year for Kentucky Children's Health Insurance Program (KCHIP) eligibility determinations.

The Bill as Introduced, Part I, Operating Budget, includes language provision that direct:

"Transfer of Excess Administrative Funds for Medicaid Benefits: If any portion of the General Fund appropriation in either fiscal year is deemed to be in excess of the necessary expenses for administration of the Department, the amount may be used for Medicaid Benefits, in accordance with statutes governing the functions and activities of the Department for Medicaid Services. In no instance shall these excess funds be used without prior written approval of the State Budget Director to:

- (a) Establish a new program;
- (b) Expand the services of an existing program; or
- (c) Increase rates or payment levels in an existing program.

Any transfer authorized under this section shall be approved by the Secretary of the Finance and Administration Cabinet upon recommendation of the State Budget Director."

"Medicaid Service Category Expenditure Information: No Medicaid managed care contract shall be valid, and no payment to a Medicaid managed care vendor by the Finance and Administration Cabinet or the Health and Family Services Cabinet shall be made, until the Medicaid managed care contract contains a provision that the contractor shall collect Medicaid expenditure data by the categories of services paid for by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories of Medicaid services, including mandated and optional Medicaid services, special expenditures/offsets, and Disproportionate Share Hospital

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payments by type of hospital, shall be compiled by the Department for Medicaid Services for all Medicaid providers and forwarded to the Interim Joint Committee on Appropriations and Revenue on a quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services shall be provided to the Interim Joint Committee on Appropriations and Revenue upon request."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

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H - Health and Family Services Cabinet**Operating Budget****Medicaid Services - Benefits**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	855,365,500	855,365,500		927,255,500	925,395,500	(1,860,000)
Restricted Funds	448,200,000	448,200,000		374,600,000	376,760,000	2,160,000
Federal Funds	3,030,734,700	3,030,734,700		3,007,236,700	2,903,675,100	(103,561,600)
Regular Total Funds	4,334,300,200	4,334,300,200		4,309,092,200	4,205,830,600	(103,261,600)
Continuing						
TOTAL FUNDS	4,334,300,200	4,334,300,200		4,309,092,200	4,205,830,600	(103,261,600)
II. EXPENDITURE CATEGORY						
Grants, Loans, Benefits	4,334,300,200	4,334,300,200		4,309,092,200	4,205,830,600	(103,261,600)
TOTAL EXPENDITURES	4,334,300,200	4,334,300,200		4,309,092,200	4,205,830,600	(103,261,600)
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	855,365,500	855,365,500		927,255,500	925,395,500	(1,860,000)
Restricted Funds	448,200,000	448,200,000		374,600,000	376,160,000	1,560,000
Federal Funds	3,030,734,700	3,030,734,700		3,007,236,700	2,902,323,300	(104,913,400)
Regular Total Funds	4,334,300,200	4,334,300,200		4,309,092,200	4,203,878,800	(105,213,400)
Continuing						
TOTAL BASE LEVEL	4,334,300,200	4,334,300,200		4,309,092,200	4,203,878,800	(105,213,400)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE						
Restricted Funds					600,000	600,000
Federal Funds					1,351,800	1,351,800
TOTAL ADDITIONAL					1,951,800	1,951,800
V. ADDITIONAL BUDGET ITEMS						
1 EXPAN Ambulance Fee Increase						
ABR7480009 Provide funds to support an increase in ambulance fees.						
Restricted Funds					600,000	600,000
Federal Funds					1,351,800	1,351,800
Project Total					1,951,800	1,951,800
TOTAL ADDITIONAL					1,951,800	1,951,800

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Medicaid Benefits

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part I, Operating Budget, provides additional base funding support, above the 2004 Governor's 2004-2006 Biennial Budget recommendation, totaling \$93,610,000 in General Fund, \$53,334,100 in Restricted Funds and \$336,491,400 in Federal Funds in fiscal year 2004-2005 and \$160,000,000 in General Fund, \$23,425,400 in Restricted Funds and \$415,016,500 in Federal Funds in fiscal year 2005-2006 to continue current services and support an increase in eligibles, utilization and medical inflation.

The Bill as Introduced recommends \$103,635,600 in fiscal year 2004-2005 and \$113,482,500 in fiscal year 2005-2006 for the Kentucky Children's Health Insurance Program (KCHIP), including \$21,550,100 in General Fund support, \$410,300 in Restricted Funds, and \$81,675,100 in Federal Funds in fiscal year 2004-2005, and \$21,550,100 in General Fund support, \$3,341,000 in Restricted Funds, and \$88,591,400 in Federal Funds in fiscal year 2005-2006. These funds are estimated to support 55,188 children in fiscal year 2004-2005 and 58,584 children in fiscal year 2005-2006.

A consensus group, consisting of the Health and Family Services Cabinet, Governor's Office for Policy and Management, and Governor's Office for Economic Analysis forecasted the Medicaid Benefits budgets based on an actuarial analysis of cost per eligible by type of eligible performed by Pricewaterhouse Coopers, LLP.

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Current forecasts project total Medicaid Benefits costs will exceed recommended appropriations by \$270,900,000 in fiscal year 2004-2005 and \$530,500,000 in fiscal year 2005-2006. The Bill as Introduced assumes that executive, administrative, and legislative policy actions to resolve the budget shortfall, only within fiscal biennium 2004-2006, include the following:

ACTIONS TO BALANCE:	FY 2004-05	FY 2005-06
Carryforward		2,300,000
Cash Management (pay claims within 30 days)	160,000,000	
Care and Disease Management	8,000,000	24,000,000
Recipient/Provider Management	5,000,000	25,000,000
Pharmacy Management	31,600,000	95,800,000
Physician Prescription Interventions and Hotline	2,000,000	6,000,000
Pharmacy Average Wholesale Price (AWP) - 12% to AWP-16%	8,600,000	26,000,000
Limit Long Term Care Repackaging Fee	500,000	1,500,000
Prescription Utilization - limit to 3 Name Brands Per Month; Unlimited Generics	51,500,000	90,000,000
90 Day Supply for Maintenance Drugs	6,000,000	18,000,000
Total Management Initiatives/Cost Avoidance	273,200,000	288,600,000
Projected Surplus(Deficit)	2,300,000	241,900,000
Portion State Funds	700,000	(74,200,000)

Figures as of 1/31/05 subject to revision based on cost trends, eligible growth and federal changes.

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The Bill as Introduced, Part I, Operating Budget, includes language provisions that direct:

"Supports for Community Living Slots: Included in the above appropriation is \$1,000,000 in Restricted Funds and \$2,302,500 in Federal Funds in fiscal year 2004-2005 to support 75 additional Supports for Community Living slots and \$2,500,000 in General Fund support and \$5,723,700 in Federal Funds in fiscal year 2005-2006 to support 150 additional Supports for Community Living slots.

Supports for Community Living Waiver funds shall be appropriated only for direct services to qualified Supports for Community Living Waiver recipients, and any unexpended funds shall not lapse but shall be carried forward to the next fiscal year for the same purpose."

"Acquired Brain Injury Waiver Program: Included in the above appropriation is \$272,500 in Restricted Funds and \$627,500 in Federal Funds in fiscal year 2004-2005 and \$304,000 in Restricted Funds and \$696,000 in Federal Funds in fiscal year 2005-2006 to support 25 additional individuals through the Acquired Brain Injury Waiver Program."

"Fraud and Abuse Recoveries by the Attorney General: Included in the above appropriation is \$5,000,000 in Restricted Funds and \$11,313,200 in Federal Funds in fiscal year 2005-2006 from enhanced recoveries from the Office of the Attorney General's Medicaid Fraud and Abuse Control Unit."

"Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2004-2005 shall not lapse, but shall be carried forward into the next fiscal year."

"Disproportionate Share Hospital Program: Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall not exceed the maximum amounts established in the federal law."

"Hospital Indigent Patient Billing: Hospitals shall not bill patients for services where the services have been reported to the Cabinet and the hospital has received disproportionate share payments for the specific services."

"Provider Tax Information: Any provider who posts a sign or includes information on customer receipts or any material distributed for public consumption indicating that they have paid provider tax shall also post, in the same size typeset as the provider tax information, the amount of payment received from the Department for Medicaid Services during the same period the provider tax was paid. Providers who fail to meet this requirement shall be excluded from the Disproportionate Share Hospital and Medicaid Programs. The Health and Family Services Cabinet shall include this provision in facilities' annual licensure inspection."

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"Quality and Charity Care Trust Fund: No hospital shall be reimbursed from both the Quality and Charity Care Trust Fund and the Disproportionate Share Hospital Program for the same service to the same patient. Any hospital that willfully violates this provision shall be subject to a penalty equal to three times the amount of the improper charge to the funds, which shall be credited to the General Fund. The Secretary of the Health and Family Services Cabinet shall have the authority to secure the patient information as needed from the participating facilities in order to determine compliance and enforce this provision. Each facility billing and receiving reimbursements from the Quality and Charity Care Trust Fund shall be required to identify each patient by Social Security number and indicate whether the patient is classified as indigent or medically needy. Notwithstanding any other provision of this Act or law, in any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement so agree, the General Fund appropriation to fulfill the Commonwealth's contractual obligation relating to the Quality and Charity Care Trust Agreement or any portion thereof, together with any other funds paid to the Quality and Charity Care Trust contractual obligation of the parties, or any portion thereof, shall be transferred to the Department for Medicaid Services as part of its Restricted Funds appropriation for Medicaid Benefits. In any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement do not agree to transfer all or any portion of the Trust's revenues to the Department for Medicaid Services for Medicaid Benefits, the Quality and Charity Care Trust shall operate pursuant to its contractual provisions."

"Kentucky Children's Health Insurance Program (KCHIP): The Secretary of the Health and Family Services Cabinet may transfer funds from Medicaid Benefits to the KCHIP General Fund or Restricted Funds appropriations to be used to match the Federal allocation. These transfers may be made to cover both additional regular allocations and redistribution from the federal government. The Secretary shall recommend any proposed transfer to the State Budget Director for review and concurrence prior to transfer. Upon concurrence of the State Budget Director and prior to the transfer, the Secretary shall make the appropriate interim appropriation increase requests pursuant to KRS 48.630."

"Intergovernmental Transfers (IGT's): Any funds received through an IGT agreement between the Department for Medicaid Services and other governmental entities, in accordance with a federally approved State Plan amendment, shall be used to provide for the health and welfare of the citizens of the Commonwealth through the provision of Medicaid Benefits. This allocation shall include but not be limited to funds generated through transfer agreements with county-owned nursing homes, county-owned hospitals, state universities, and other governmental agencies. The Secretary of the Health and Family Services Cabinet shall recommend any proposed transfer to the State Budget Director for review and concurrence prior to transfer. Revenues from IGT's are contingent upon agreement by the parties and, when negotiated, the Secretary for Health and Family Services shall make the appropriate interim appropriations increase requests pursuant to KRS 48.630."

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"Child Sexual Abuse Exams: The Department for Medicaid Services shall develop a reimbursement schedule to compensate participating health care providers for the full cost of providing child sexual abuse examinations for eligible children to the extent funds are available. The provisions of this section shall not mandate any services or payments that are not otherwise provided for in the Medicaid Benefits budget. The reimbursement schedule shall not be reduced under any Managed Care Agreement. The Department for Medicaid Services may require participating health care providers to meet specific training and experience requirements."

"Medicaid Budget Analysis Reports: The Department for Medicaid Services shall submit a quarterly budget analysis report to the Interim Joint Committee on Appropriations and Revenue. The report shall provide monthly detail of actual expenditures, eligibles, and average monthly cost per eligible by eligibility category along with current trailing 12-month averages for each of these figures. The report shall also provide actual figures for all categories of noneligible-specific expenditures such as Supplemental Medical Insurance premiums, Kentucky Patient Access to Care, nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share Hospital payments by type of hospital. The report shall compare the actual expenditure experience with those underlying the enacted or revised enacted budget and explain any significant variances which may occur."

"Medicaid Benefits Budget Deficit: In the event Medicaid Benefits expenditures are projected to exceed available funds, the Secretary of the Health and Family Services Cabinet shall be empowered to recommend that reimbursement rates, optional services, eligibles, or programs be reduced or maintained at levels existing at the time of the projected deficit in order to avoid a budget deficit. The projected deficit shall be confirmed by the Office of State Budget Director. No service, eligible, or program reductions shall be implemented by the Health and Family Services Cabinet without written notice of such action to the Interim Joint Committee on Appropriations and Revenue and the State Budget Director. Such actions taken by the Health and Family Services Cabinet shall be reported, upon request, at the next meeting of the Interim Joint Committee on Appropriations and Revenue."

"Medicaid Benefits Budget Surplus: In the event Medicaid Benefits expenditures are less than available funds, the Secretary of the Health and Family Services Cabinet may recommend the utilization of available funds to increase reimbursement rates, expand the Medicaid Program or the number of eligibles, or transfer General Fund money up to the amount of the excess Restricted Funds to other agencies within the Cabinet to be utilized for direct services to eligibles or clients. No reimbursement rate, service, eligible, or program shall be increased without written approval of the State Budget Director and a report to the Interim Joint Committee on Appropriations and Revenue."

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Medicaid Benefits

"Transfer of Medicaid Benefits Funds for Medicaid Modernization: Any portion of the General Fund appropriation in either fiscal year that is deemed to be necessary for the administration of the Medicaid Modernization initiative may be transferred from Medicaid Benefits in accordance with statutes governing the functions and activities of the Department of Medicaid Services. The Secretary shall recommend any proposed transfer to the State Budget Director for approval prior to transfer. Such action shall be reported by the Health and Family Services Cabinet to the Interim Joint Committee on Appropriations and Revenue."

"Critical Access Hospitals: Notwithstanding 2004 Ky. Acts, ch. 56, sec. 2, through June 30, 2006, no acute care hospital shall convert to a critical access hospital unless the hospital has either received funding for a feasibility study from the Kentucky State Office of Rural Health or filed a written request by January 1, 2006, with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study."

"Medicaid Copayments: Notwithstanding KRS 205.6312, the Department for Medicaid Services may impose copayments for services rendered to Medicaid recipients not to exceed the amounts permitted by federal authority."

The following assumptions are reflected in the Bill as Introduced in continuation projections:

Blended federal match rates for Medicaid Benefits are projected to be: 69.60% for fiscal year 2004-2005 and 69.26% for fiscal year 2005-2006. Blended Federal Match rates for KCHIP are projected to be: 78.72% in fiscal year 2004-2005 and 78.48% in fiscal year 2005-2006.

Medicaid eligibles (Per Month – excludes KCHIP):

Actual-575,230 in fiscal year 2001-2002 and 603,267 in fiscal year 2002-2003; 622,318 in fiscal year 2003-2004;

Projected – 658,854 in fiscal year 2004-2005 and 681,925 in fiscal year 2005-2006.

KCHIP eligibles (Per Month):

Actual-51,514 in fiscal year 2001-2002 and 50,825 in fiscal year 2002-2003; 49,948 in fiscal year 2003-2004;

Projected – 50,000 in fiscal year 2004-2005 and 50,000 in fiscal year 2005-2006.

Total Medicaid Eligibles (Per Month – Medicaid and KCHIP combined):

Actual-626,744 in fiscal year 2001-2002 and 654,092 in fiscal year 2002-2003; 672,266 in fiscal year 2003-2004;

Projected – 708,854 in fiscal year 2004-2005 and 731,925 in fiscal year 2005-2006.

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Provider tax collections are projected to total \$248.2 million in fiscal year 2004-2005 and \$239.1 million in fiscal year 2005-2006.

Receipts/State Match from Intergovernmental Transfers are projected to total \$113,308,600 in fiscal year 2004-2005 and \$71,952,900 in fiscal year 2005-2006.

Enhanced Attorney General collections are projected to total \$5,000,000 in fiscal year 2005-2006.

Disproportionate Share Hospital (DSH) payments are capped according to the 1997 Federal Balanced Budget Act, as amended by the Benefits Improvement and Protection Act of 2000 and the Medicare Modernization Act of 2003. Kentucky's federal DSH ceiling is \$195,233,300 in both fiscal years. Included in Kentucky's DSH cap are psychiatric DSH caps for state mental hospitals which are approximately \$34.6 million in each fiscal year. State Teaching Hospital Enhanced DSH payments for the University of Kentucky (UK) and University of Louisville (U of L) Hospitals totaled \$72.3 million in fiscal year 2003-2004. UK and U of L DSH payments are projected to total \$72.6 million in fiscal year 2004-2005.

The Bill As Introduced assumes that the Region 3 (Louisville) Medicaid Partnership will continue to operate. Other areas of the state are expected to operate under the Kentucky Patient Access to Care (KenPAC) Program.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly increases Restricted Funds (Provider Tax) projections by \$1,860,000 in fiscal year 2005-2006, and redirects General Fund support totaling \$1,860,000 to the Department for Community Based Services to partially fund an increase in Personal Care Home State Supplementation payments.

The General Assembly transfers \$300,000 in Restricted Funds from the Emergency Medical Services Board to be matched with \$300,000 in Restricted Funds from the Medicaid Benefits base budget to draw an additional \$1,351,800 in Federal Funds to increase Medicaid ambulance fees.

The General Assembly decreases Federal Funds in fiscal year 2005-2006 to reflect reduced federal receipts due to dual eligible pharmacy expenditures transferring to Medicare pursuant to the Medicare Modernization Act.

The General Assembly revises Part I, Operating Budget, language provisions as follows:

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Medicaid Benefits

"Disproportionate Share Hospital Program: Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall equal the maximum amounts allowed by federal law."

"Transfer of Medicaid Benefits Funds for Medicaid Modernization: Any portion of the General Fund appropriation in either fiscal year that is deemed to be necessary for the administration of the Medicaid Modernization initiative may be transferred from Medicaid Benefits in accordance with statutes governing the functions and activities of the Department of Medicaid Services. The Secretary shall recommend any proposed transfer to the State Budget Director for approval prior to transfer. In addition, the Secretary shall make the appropriate interim appropriations increase requests to the Interim Joint Committee on Appropriations and Revenue through the interim increases process pursuant to KRS 48.630."

The General Assembly adds to Part I, Operating Budget, language provisions as follows:

"Hospital Provider Tax and Enhanced Payments: Notwithstanding KRS 142.303, hospital provider tax collections for fiscal year 2004-2005 shall be \$150,000,000. If the aggregate tax collected from all hospitals in fiscal year 2004-2005 is less than \$150,000,000, each hospital shall pay an additional provider tax in an amount equal to its pro rata share of the difference, based on its taxes paid in relation to total hospital taxes paid in the prior fiscal year. If the hospital provider tax paid in fiscal year 2004-2005 is greater than \$150,000,000, the funds shall be carried forward to be matched with Federal Funds and incorporated into the hospital Diagnostic Related Grouping (DRG) reimbursement methodology for fiscal year 2005-2006 for non-university based hospitals. Hospital provider tax collections for fiscal year 2005-2006 shall be \$150,000,000. If the aggregate tax collected from all hospitals in fiscal year 2005-2006 is less than \$150,000,000, each hospital shall pay an additional provider tax in an amount equal to its pro rata share of the difference, based on its taxes paid in relation to total hospital taxes in the prior fiscal year."

Notwithstanding KRS 205.640 and any other provisions of the Kentucky Revised Statutes to the contrary, any hospital provider tax collections under KRS 142.303 in excess of \$150,000,000 during fiscal years 2004-2005 and 2005-2006 shall be deposited into the "Hospital Payment Improvement Trust Fund," which is hereby created in the State Treasury as a trust and agency account, and shall be matched with federal funds for the sole use of increasing reimbursement to Kentucky hospitals, including those paid under managed care arrangements, in proportion to their Medicaid allowable costs incurred for providing care to Medicaid patients that are not otherwise paid through Medicaid rates to the extent permitted by federal law. The Hospital Payment Improvement Trust Fund shall be exempt from any state budget reduction acts, and all funds deposited in and credited to the Hospital Payment Improvement Trust Fund shall be paid to qualifying hospitals."

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Medicaid Benefits

"Medicaid Supplement: Notwithstanding KRS 311A.145, a total of \$300,000 in Restricted Funds from fiscal year 2004-2005 Emergency Medical Services Board collections shall be transferred to Medicaid Benefits in fiscal year 2005-2006 in order to increase the amount of Federal Funds able to be matched to increase Medicaid ambulance fees. The Secretary shall report to the Interim Joint Committee on Appropriations and Revenue by October 1st of each fiscal year that the funds have been utilized to increase Medicaid ambulance fees, and shall continue to be utilized in this manner."

"Smoking Cessation Program for Pregnant Women: The Department for Medicaid Services, through the Kentucky Medicaid Administrative Agent and in coordination with the Department for Public Health, shall ensure that services for smoking cessation shall be made available to pregnant women participating in the Medicaid program."

"Quarterly Cost Containment Reporting: The Health and Family Services Cabinet shall submit a quarterly report to the Interim Joint Committee on Appropriations and Revenue on cost containment initiatives implemented to reduce costs in the Medicaid program including the actual experience compared to projected savings for each initiative. In addition, this report shall include any anticipated initiatives to be implemented to reduce Medicaid costs, including a projection for savings from each initiative and implementation date. If applicable, the report shall also include a list of anticipated Medicaid program expansions, including projected costs and implementation dates."

"Medical Child Support Enforcement: In collaboration with the Department for Community Based Services, the Department for Medicaid Services may implement a pilot program to address the pursuit of funds expended as a result of unenforced medical child support orders. An amount included in the above appropriation not to exceed \$125,000 in Restricted Funds and \$125,000 in Federal Funds in each fiscal year may be used from Medicaid Benefits in order to provide monetary resources to the county attorneys involved in the pilot program. This project may include a select number of counties which shall be selected based on criteria to be developed by the Department for Medicaid Services and the Department for Community Based Services, and at a minimum shall include an analysis showing that the anticipated return on investment exceeds the cost associated with the pilot program."

"Regional Community Mental Health and Mental Retardation Services, Psychiatric Residential Treatment Facilities, Medicaid Managed Care Organization Services Provider Tax and Enhanced Payments: A tax shall be imposed on regional community mental health and mental retardation services, psychiatric residential treatment facility services and Medicaid managed care organization services at a uniform rate of five and one-half percent on gross revenues received by each provider after July 1, 2005.

The Department for Medicaid Services shall promulgate administrative regulations to ensure that a portion of the revenues generated from the assessment levied under this section and federal matching funds shall be used for rate increases to recognize cost increases, including current wage and benefit levels in the industry. The remaining revenue generated from the assessment levied

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Medicaid Benefits

under this section and federal matching funds shall be used to supplement the medical-assistance-related General Fund appropriations of the Department for Medicaid Services.

On or before July 1, 2005, the Cabinet for Health Services, Department for Medicaid Services, shall submit an application to the Centers for Medicare and Medicaid Services to request any necessary waiver pursuant to 42 C.F.R. secs. 433.56 and 433.68.

If an application to the Centers for Medicare and Medicaid Services for a waiver is denied, the Department for Medicaid Services may resubmit the application with appropriate changes to receive an approved waiver.

The assessment imposed pursuant to this section shall begin on July 1, 2005, but is not due and payable until rates are increased pursuant to this provision. The provisions of this section shall be null and void if the waiver or plan amendment to increase rates is not approved by the Centers for Medicare and Medicaid Services. If the assessment provided for in this section is disallowed by the Centers for Medicare and Medicaid Services, all collections under this section shall cease."

"Home Health Care Services Fee Increase: The Department for Medicaid Services shall increase reimbursement rates for home health care services by five percent (5%) effective July 1, 2005. The Secretary shall report to the Interim Joint Committee on Appropriations and Revenue by October 1st of each fiscal year that funds have been utilized to increase Medicaid home health care fees, and shall continue to be utilized in that manner."

The General Assembly sustains the following Veto Message from the Governor of the Commonwealth:

Partial Veto #8 of HB 267: "I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part on page 102, lines 8 through 27 in their entirety and page 103, lines 1 through 6 in their entirety: **(23) Regional Community Mental Health and Mental Retardation Services, Psychiatric Residential Treatment Facilities, Medicaid Managed Care Organization Services Provider Tax and Enhanced Payments:** A tax shall be imposed on regional community mental health and mental retardation services, psychiatric residential treatment facility services and Medicaid managed care organization services at a uniform rate of five and one-half percent on gross revenues received by each provider after July 1, 2005.

The Department for Medicaid Services shall promulgate administrative regulations to ensure that a portion of the revenues generated from the assessment levied under this section and federal matching funds shall be used for rate increases to recognize cost increases, including current wage and benefit levels in the industry. The remaining revenue generated from the assessment levied under this section and federal matching funds shall be used to supplement the medical-assistance-related General Fund appropriations of the Department for Medicaid Services.

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On or before July 1, 2005, the Cabinet for Health Services, Department for Medicaid Services, shall submit an application to the Centers for Medicare and Medicaid Services to request any necessary waiver pursuant to 42 C.F.R. secs. 433.56 and 433.68.

If an application to the Centers for Medicare and Medicaid Services for a waiver is denied, the Department for Medicaid Services may resubmit the application with appropriate changes to receive an approved waiver.

The assessment imposed pursuant to this section shall begin on July 1, 2005, but is not due and payable until rates are increased pursuant to this provision. The provisions of this section shall be null and void if the waiver or plan amendment to increase rates is not approved by the Centers for Medicare and Medicaid Services. If the assessment provided for in this section is disallowed by the Centers for Medicare and Medicaid Services, all collections under this section shall cease.'

The language in HB 267 relates to provider taxes and enhanced payments to Regional Community Mental Health and Mental Retardation Services, Psychiatric Residential Treatment Facilities and Medicaid Managed Care Organization Services. It conflicts with the language contained in House Bill 461 that passed subsequent to House Bill 267. House Bill 461 sets the provider tax on Regional Mental Health and Mental Retardation Services providers at four percent, while House Bill 267 sets the tax rate at 5.5 percent. Additionally, the language contained in House Bill 267 is effective through the biennium ending June 30, 2006, while House Bill 461 has permanent statutory effect. In consultation with the Cabinet for Health and Family Services as well as legislative sponsors, it has been determined that the appropriate language is that contained in HB 461."

H - Health and Family Services Cabinet**Operating Budget****Mental Health and Mental Retardation Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	900,000	900,000		900,000	900,000	
General Fund	166,535,000	166,535,000		164,122,700	166,373,700	2,251,000
Restricted Funds	185,119,800	185,119,800		180,338,500	180,338,500	
Federal Funds	42,279,500	42,279,500		42,802,500	42,802,500	
Regular Total Funds	394,834,300	394,834,300		388,163,700	390,414,700	2,251,000
Continuing						
TOTAL FUNDS	394,834,300	394,834,300		388,163,700	390,414,700	2,251,000
II. EXPENDITURE CATEGORY						
Personnel Costs	135,948,100	135,948,100		138,141,300	138,141,300	
Operating Expenses	23,920,100	23,920,100		30,261,000	30,261,000	
Grants, Loans, Benefits	234,801,300	234,801,300		219,326,900	221,576,900	2,250,000
Debt Service				209,000	210,000	1,000
Capital Outlay	164,800	164,800		225,500	225,500	
TOTAL EXPENDITURES	394,834,300	394,834,300		388,163,700	390,414,700	2,251,000
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	900,000	900,000		900,000	900,000	
General Fund	166,535,000	166,535,000		164,122,700	164,123,700	1,000
Restricted Funds	185,119,800	185,119,800		180,338,500	180,338,500	
Federal Funds	42,279,500	42,279,500		42,802,500	42,802,500	
Regular Total Funds	394,834,300	394,834,300		388,163,700	388,164,700	1,000
Continuing						
TOTAL BASE LEVEL	394,834,300	394,834,300		388,163,700	388,164,700	1,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE						
General Fund					2,250,000	2,250,000
TOTAL ADDITIONAL					2,250,000	2,250,000
V. ADDITIONAL BUDGET ITEMS						
1 EXPAN HB 843 Commission-Safety Net/Community Care						
ABR7290020 Provide funds to expand Safety Net/Community Care grants through HB 843 Commission initiatives.						
General Fund					2,000,000	2,000,000
Project Total					2,000,000	2,000,000

H - Health and Family Services Cabinet**Operating Budget****Mental Health and Mental Retardation Services**

			Fiscal Year 2004-2005			Fiscal Year 2005-2006		
			Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
2	NEW	Homelessness Prevention Pilot Program						
ABR7290021	Provide funds to support a Homelessness Prevention pilot program in Jefferson County and a rural county based on need.							
General Fund							100,000	100,000
Project Total							100,000	100,000
3	NEW	Elizabethtown Communicare Board - Washington County Duplex						
ABR7290022	Provide funds to support Phase II of project.							
General Fund							150,000	150,000
Project Total							150,000	150,000
TOTAL ADDITIONAL							2,250,000	2,250,000

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Mental Health/Mental Retardation

BILL AS INTRODUCED

The State/Executive Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The Bill as Introduced, Part V, Fund Transfer, includes a language provision that directs: "Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from Mental Health/Mental Retardation Services totaling \$4,438,600 in fiscal year 2004-2005 (KRS 212.025(2)).

The Bill as Introduced, Part I, Operating Budget, includes language provisions that direct:

"Disproportionate Share Hospital Funds: Mental health disproportionate share funds are budgeted at the maximum amounts permitted by the Federal Balanced Budget Act of 1997, as amended by the Federal Benefits Improvements and Protection Act of 2000 and the Medicare Modernization Act of 2003, in the amount of \$34,600,000 in fiscal year 2004-2005 and \$34,600,000 in fiscal year 2005-2006."

"Kentucky Commission on Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses: The Department for Mental Health and Mental Retardation Services shall provide at least \$12,500 each fiscal year to be distributed to support the continued operation of the 14 regional planning councils and Commission activities relating to the mandates of KRS 210.500, 210.502, 210.504, 210.506, and 210.509, through June 30, 2006. The regional planning councils shall make recommendations for, and the Commission shall develop, a two year work plan for specifying goals and strategies relating to services and supports for individuals with mental illness, alcohol and other drug disorders, and dual diagnoses, and efforts to reduce the stigma associated with mental illness and other substance abuse disorders. The Commission shall report workgroup activities and findings to the Governor and the Interim Joint Committee on Health and Welfare by December 1 of each year."

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Mental Health/Mental Retardation

"Debt Service: Included in the above General Fund appropriation in fiscal year 2005-2006 is \$209,000 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Substance Abuse Prevention and Treatment: Included in the above General Fund (Tobacco) appropriation is \$900,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems."

The Bill as Introduced, Part X, Phase I Tobacco Settlement, provides a language provision that directs:

"Substance Abuse Prevention and Treatment: Included in the above General Fund (Tobacco) appropriation is \$900,000 in each fiscal year for substance abuse prevention and treatment."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly provides additional funding as reflected in Part V, Additional Budget items, of this Budget Memorandum report.

The Part I, Operating Budget, language provision relating to debt service is amended as follows:

"Debt Service: Included in the above General Fund appropriation in fiscal year 2005-2006 is \$210,000 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

The General Assembly adds to Part I, Operating Budget, language provisions as follows:

"Safety Net/Community Care: Included in the above General Fund appropriation is \$2,000,000 in fiscal year 2005-2006 to mend the safety net of behavioral health services, including but not limited to inpatient and outpatient services, partial hospitalization or psychosocial rehabilitation services, emergency services, crisis stabilization services, consultation and education services, and mental

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Mental Health/Mental Retardation

retardation services, which are provided by the 14 Regional Mental Health/Mental Retardation Boards. These funds shall be allocated to restore or strengthen core services to patients who have no payor source. Funds shall be distributed to the regions on a per capita basis as flexible funds."

"Elizabethtown Communicare Comprehensive Care Board - Washington County Duplex: Included in the above General Fund appropriation is \$150,000 in fiscal year 2005-2006 to support Phase II of the Elizabethtown Communicare Comprehensive Care Board - Washington County Duplex project."

"Homelessness Prevention Pilot Project: Included in the above General Fund appropriation is \$100,000 in fiscal year 2005-2006 to establish a homelessness prevention pilot project in Jefferson County and a rural county to be selected based on a statistically demonstrated need based on population."

The General Assembly amends the Part II, Capital Budget, as follows:

Maintenance Pool funding totaling \$1,500,000 in fiscal year 2005-2006 and Miscellaneous Roof Pool - Statewide funding totaling \$700,000 in fiscal year 2004-2005 are authorized as Bond Funds in the Statewide Repair, Maintenance, and Replacement Pool Fund in fiscal year 2004-2005 within the Finance and Administration Cabinet. The fiscal year 2005-2006 debt service is included in the Finance and Administration Cabinet's budget.

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H - Health and Family Services Cabinet**Capital Budget****Mental Health and Mental Retardation Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund						
Bond Funds	4,400,000	4,400,000				
Investment Income	2,450,000	1,750,000	(700,000)	1,500,000		(1,500,000)
TOTAL CAPITAL	6,850,000	6,150,000	(700,000)	1,500,000		(1,500,000)
II. CAPITAL PROJECTS						
1	Upgrade HVAC Pipes and Electric - Glasgow					
PRJ7291116						
Bond Funds	2,200,000	2,200,000				
Project Total	2,200,000	2,200,000				
2	Replace Roof - Oakwood ICF MR/DD					
PRJ7291120						
Bond Funds	2,200,000	2,200,000				
Project Total	2,200,000	2,200,000				
3	MH/MR Fair Oaks Lane Lease					
PRJ7291123						
General Fund						
Project Total						
4	MH/MR VA Hospital Lease					
PRJ7291124						
General Fund						
Project Total						
5	MH/MR Miscellaneous Maintenance Pool - Statewide					
PRJ7291126						
Investment Income	1,300,000	1,300,000		1,500,000		(1,500,000)
Project Total	1,300,000	1,300,000		1,500,000		(1,500,000)
6	MH/MR Misc Chiller Pool					
PRJ7291127						
Investment Income	450,000	450,000				
Project Total	450,000	450,000				

H - Health and Family Services Cabinet**Capital Budget****Mental Health and Mental Retardation Services**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
7	MH/MR Misc Roof Pool - Statewide						
	PRJ7291128						
	Investment Income	700,000		(700,000)			
	Project Total	700,000		(700,000)			
TOTAL CAPITAL		6,850,000	6,150,000	(700,000)	1,500,000		(1,500,000)

H - Health and Family Services Cabinet**Operating Budget****Public Health**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	16,768,000	16,768,000		17,373,000	17,373,000	
General Fund	64,649,900	64,649,900		65,667,900	66,857,900	1,190,000
Restricted Funds	70,183,800	70,183,800		71,532,200	71,532,200	
Federal Funds	161,002,300	161,002,300		160,981,700	160,981,700	
Regular Total Funds	312,604,000	312,604,000		315,554,800	316,744,800	1,190,000
Continuing	4,623,800	4,623,800				
TOTAL FUNDS	317,227,800	317,227,800		315,554,800	316,744,800	1,190,000
II. EXPENDITURE CATEGORY						
Personnel Costs	40,572,100	40,572,100		38,529,100	38,529,100	
Operating Expenses	18,404,400	18,404,400		20,530,300	20,530,300	
Grants, Loans, Benefits	257,821,300	257,821,300		256,150,400	257,340,400	1,190,000
Debt Service				345,000	345,000	
Capital Outlay	430,000	430,000				
TOTAL EXPENDITURES	317,227,800	317,227,800		315,554,800	316,744,800	1,190,000
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	16,768,000	16,768,000		17,373,000	17,373,000	
General Fund	64,649,900	64,649,900		65,667,900	65,667,900	
Restricted Funds	70,183,800	70,183,800		71,532,200	71,532,200	
Federal Funds	161,002,300	161,002,300		160,981,700	160,981,700	
Regular Total Funds	312,604,000	312,604,000		315,554,800	315,554,800	
Continuing	4,623,800	4,623,800				
TOTAL BASE LEVEL	317,227,800	317,227,800		315,554,800	315,554,800	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE						
General Fund					1,190,000	1,190,000
TOTAL ADDITIONAL					1,190,000	1,190,000
V. ADDITIONAL BUDGET ITEMS						
1 EXPAN Kentucky AIDS Drug Assistance Program						
ABR7280009 Provides funds for medication purchase.						
General Fund					90,000	90,000
Project Total					90,000	90,000

H - Health and Family Services Cabinet**Operating Budget****Public Health**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
2	EXPAN Diabetes Services						
ABR7280010	Provide funds for expanded services.						
General Fund						900,000	900,000
Project Total						900,000	900,000
3	NEW Diabetes Research Board						
ABR7280011	Conduct research and education.						
General Fund						200,000	200,000
Project Total						200,000	200,000
TOTAL ADDITIONAL						1,190,000	1,190,000

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Public Health

BILL AS INTRODUCED

The State/Executive Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Fund Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V Funds Transfer, includes a transfer from Public Health \$1,909,600 in fiscal year 2004-2005 and \$358,800 in fiscal year 2005-2006 (KRS 212.025(2) and 213.141(3))

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Debt Service: Included in the above General Fund appropriation is \$345,000 in fiscal year 2005-2006 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$6,939,900 in fiscal year 2004-2005 and \$7,599,900 in fiscal year 2005-2006 for the Health Access Nurturing Development Services Program; \$2,000,000 in each fiscal year for Healthy Start initiatives; \$2,000,000 in each fiscal year for Universal Children's Immunizations; \$900,000 in each fiscal year for the Folic Acid Program; \$875,000 in each fiscal year for Early Childhood Mental Health; \$337,500 in fiscal year 2004-2005 and \$287,500 in fiscal year 2005-2006 for Early Childhood Oral Health; \$2,715,600 in fiscal year 2004-2005 and \$2,710,600 in fiscal year 2005-2006 for the Smoking Cessation Program; and \$1,000,000 in each fiscal year for the Kentucky Early Intervention Services First Steps Program."

The State/ Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, includes language provisions that direct:

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"HANDS Program, Healthy Start, Universal Children's Immunizations, Folic Acid Program, Early Childhood Mental Health, and Early Childhood Oral Health: Included in the above General Fund (Tobacco) appropriation is \$6,939,900 in fiscal year 2004-2005 and \$7,599,900 in fiscal year 2005-2006 for the Health Access Nurturing Development Services (HANDS) Program; \$2,000,000 in each fiscal year for Healthy Start initiatives; \$2,000,000 in each fiscal year for Universal Children's Immunizations; \$900,000 in each fiscal year for the Folic Acid Program; \$875,000 in each fiscal year for Early Childhood Mental Health; \$337,500 in fiscal year 2004-2005 and \$287,500 in fiscal year 2005-2006 for Early Childhood Oral Health; and \$1,000,000 in each fiscal year for the Kentucky Early Intervention Services First Steps Program. Also included in the above is \$660,000 in fiscal year 2004-2005 for the purchase of two Tandem Mass Spectrometers to increase newborn screenings for metabolic conditions."

"Notwithstanding KRS 304.17B-003(5), appropriations for health care improvement shall be as follows:"

"Smoking Cessation Program: Included in the above General Fund (Tobacco) appropriation is \$2,715,600 in fiscal year 2004-2005 and \$2,710,600 in fiscal year 2005-2006 for the Smoking Cessation Program"

The State/Executive Branch Budget Bill includes \$2,106,000 in Restricted Funds in fiscal year 2005-2006 to be produced by an increase in the newborn metabolic screening test fee from \$14.50 to \$53.00.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly provides additional funding as reflected in Part V, Additional Budget Items, of this Budget Memorandum report.

The General Assembly adds to Part I, Operating Budget, language provisions that direct:

"Local/District Health Department Payments: The Department for Public Health shall not impose a cap or other restriction on the number of or amount of services that a Local or District Health Department may provide. The Department for Public Health shall

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Public Health

submit all requests for payment for services provided to the Department for Medicaid Services that are submitted by a Local or District Health Department."

"Kentucky AIDS Drug Assistance Program: Included in the above General Fund appropriation is \$180,000 in fiscal year 2005-2006 for funding the Kentucky AIDS Drug Assistance Program (KADAP)."

"Diabetes Services: Included in the above General Fund appropriation is \$1,400,000 for continuation of base services through Local or District Health Departments in fiscal year 2004-2005 and \$1,400,000 for continuation of base services and an additional \$900,000 for expanded services through Local or District Health Departments in fiscal year 2005-2006."

"Diabetes Research Board: Included in the above General Fund appropriation is \$200,000 in fiscal year 2005-2006, which shall be allocated to the Diabetes Research Board."

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H - Health and Family Services Cabinet**Capital Budget****Public Health**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
General Fund (Tobacco)	660,000	660,000				
Bond Funds	5,000,000	5,000,000				
Investment Income	350,000	350,000				
TOTAL CAPITAL	6,010,000	6,010,000				
II. CAPITAL PROJECTS						
1	DPH Lab Equipment Purchase - Tandem Mass Sp					
PRJ7281123						
General Fund (Tobacco)	330,000	330,000				
Project Total	330,000	330,000				
2	Replace Laboratory Equipment - DPH					
PRJ7281124						
Investment Income	350,000	350,000				
Project Total	350,000	350,000				
3	Purchase Lab Equipment - Tandem Mass Sp. - Newborn Screening #2					
PRJ7281128						
General Fund (Tobacco)	330,000	330,000				
Project Total	330,000	330,000				
4	Upgrade KASPER System DPH					
PRJ7281130						
Bond Funds	5,000,000	5,000,000				
Project Total	5,000,000	5,000,000				
TOTAL CAPITAL	6,010,000	6,010,000				

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H - Health and Family Services Cabinet**Operating Budget****Certificate of Need**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	117,700	117,700		117,700	117,700	
Restricted Funds	162,900	162,900		206,200	206,200	
Regular Total Funds	280,600	280,600		323,900	323,900	
Continuing						
TOTAL FUNDS	280,600	280,600		323,900	323,900	
II. EXPENDITURE CATEGORY						
Personnel Costs	267,100	267,100		310,400	310,400	
Operating Expenses	13,500	13,500		13,500	13,500	
TOTAL EXPENDITURES	280,600	280,600		323,900	323,900	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	117,700	117,700		117,700	117,700	
Restricted Funds	162,900	162,900		206,200	206,200	
Regular Total Funds	280,600	280,600		323,900	323,900	
Continuing						
TOTAL BASE LEVEL	280,600	280,600		323,900	323,900	

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Certificate of Need

BILL AS INTRODUCED

The State/Executive Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The Bill as Introduced, Part V, Fund Transfer, includes a language provision that directs: "Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from Certificate of Need totaling \$4,100 in fiscal year 2004-2005 (KRS 212.025(2)).

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

H - Health and Family Services Cabinet**Operating Budget****Human Support Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	26,621,600	26,621,600		29,469,900	30,469,900	1,000,000
Restricted Funds	691,400	691,400		645,900	645,900	
Federal Funds	23,833,100	23,833,100		24,448,900	24,448,900	
Regular Total Funds	51,146,100	51,146,100		54,564,700	55,564,700	1,000,000
Continuing						
TOTAL FUNDS	51,146,100	51,146,100		54,564,700	55,564,700	1,000,000
II. EXPENDITURE CATEGORY						
Personnel Costs	2,556,700	2,556,700		2,565,200	2,565,200	
Operating Expenses	493,800	493,800		485,300	485,300	
Grants, Loans, Benefits	48,095,600	48,095,600		51,514,200	52,514,200	1,000,000
TOTAL EXPENDITURES	51,146,100	51,146,100		54,564,700	55,564,700	1,000,000
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	26,621,600	26,621,600		29,469,900	29,469,900	
Restricted Funds	691,400	691,400		645,900	645,900	
Federal Funds	23,833,100	23,833,100		24,448,900	24,448,900	
Regular Total Funds	51,146,100	51,146,100		54,564,700	54,564,700	
Continuing						
TOTAL BASE LEVEL	51,146,100	51,146,100		54,564,700	54,564,700	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE						
General Fund					1,000,000	1,000,000
TOTAL ADDITIONAL					1,000,000	1,000,000
V. ADDITIONAL BUDGET ITEMS						
1 EXPAN Older Americans Act Services						
ABR7690006 Provide funds to support Older Americans Act services (i.e. homemaker, transportation, meals, etc.)						
General Fund					500,000	500,000
Project Total					500,000	500,000
2 EXPAN Personal Care Attendants						
ABR7690007 Provide funds to support 40 additional Personal Care Attendants						
General Fund					400,000	400,000
Project Total					400,000	400,000

H - Health and Family Services Cabinet**Operating Budget****Human Support Services**

			Fiscal Year 2004-2005			Fiscal Year 2005-2006		
			Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
3	NEW	Pulaski County Alzheimers Disease Respite Center						
ABR7690008 Provide funds to support operating costs.								
General Fund							100,000	100,000
Project Total							100,000	100,000
TOTAL ADDITIONAL							1,000,000	1,000,000

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Human Support Services

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The Bill as Introduced, Part I, Operating Budget, in accordance with Executive Order 2004-726, combines into Human Support Services the former Division of Aging Services, Division of Child Abuse and Domestic Violence Services, Division of Women's Physical and Mental Health, Division of Family Resource and Youth Service Centers and Kentucky Commission on Community Volunteerism and Service.

The Bill as Introduced, Part V, Fund Transfer, includes a language provision that directs: "Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from Human Support Services totaling \$19,000 in fiscal year 2004-2005 (KRS 212.025(2)).

The Bill as Introduced, Part I, Operating Budget, includes a language provision that directs:

"Local Match Requirements: Notwithstanding KRS 205.460, entities contracting with the Health and Family Services Cabinet to provide essential services under KRS 205.455 and 205.460 shall provide local match equal to or greater than the amount in effect during fiscal year 2001-2002. Local match may include any combination of materials, commodities, transportation, office space, personal services, or other types of facility services or funds. The Secretary of the Health and Family Services Cabinet shall prescribe the procedures to certify the local match assurance."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

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Human Support Services

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The General Assembly provides additional funding as reflected in Part V, Additional Budget items, of this Budget Memorandum report.

H - Health and Family Services Cabinet**Operating Budget****Ombudsman**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	3,767,200	3,767,200		3,767,200	3,767,200	
Restricted Funds	400,000	400,000		400,000	400,000	
Federal Funds	2,612,200	2,612,200		2,612,200	2,612,200	
Regular Total Funds	6,779,400	6,779,400		6,779,400	6,779,400	
Continuing						
TOTAL FUNDS	6,779,400	6,779,400		6,779,400	6,779,400	
II. EXPENDITURE CATEGORY						
Personnel Costs	6,005,700	6,005,700		6,016,600	6,016,600	
Operating Expenses	773,700	773,700		762,800	762,800	
TOTAL EXPENDITURES	6,779,400	6,779,400		6,779,400	6,779,400	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	3,767,200	3,767,200		3,767,200	3,767,200	
Restricted Funds	400,000	400,000		400,000	400,000	
Federal Funds	2,612,200	2,612,200		2,612,200	2,612,200	
Regular Total Funds	6,779,400	6,779,400		6,779,400	6,779,400	
Continuing						
TOTAL BASE LEVEL	6,779,400	6,779,400		6,779,400	6,779,400	

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Ombudsman

BILL AS INTRODUCED

The State/Executive Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

H - Health and Family Services Cabinet**Operating Budget****Disability Determination Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	65,800	65,800		65,800	65,800	
Federal Funds	43,643,800	43,643,800		44,692,200	44,692,200	
Regular Total Funds	43,709,600	43,709,600		44,758,000	44,758,000	
Continuing						
TOTAL FUNDS	43,709,600	43,709,600		44,758,000	44,758,000	
II. EXPENDITURE CATEGORY						
Personnel Costs	25,633,600	25,633,600		26,685,100	26,685,100	
Operating Expenses	3,643,200	3,643,200		3,512,100	3,512,100	
Grants, Loans, Benefits	14,432,800	14,432,800		14,560,800	14,560,800	
TOTAL EXPENDITURES	43,709,600	43,709,600		44,758,000	44,758,000	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	65,800	65,800		65,800	65,800	
Federal Funds	43,643,800	43,643,800		44,692,200	44,692,200	
Regular Total Funds	43,709,600	43,709,600		44,758,000	44,758,000	
Continuing						
TOTAL BASE LEVEL	43,709,600	43,709,600		44,758,000	44,758,000	

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Disability Determinations

BILL AS INTRODUCED

The State/Executive Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following change:

The General Assembly does not include in Part III, General Provisions, language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

H - Health and Family Services Cabinet**Operating Budget****Community Based Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund (Tobacco)	8,300,400	8,300,400		8,300,400	8,300,400	
General Fund	275,476,700	275,476,700		298,076,700	300,236,700	2,160,000
Restricted Funds	135,169,500	135,169,500		118,329,800	118,779,800	450,000
Federal Funds	476,266,700	476,266,700		485,621,100	485,621,100	
Regular Total Funds	895,213,300	895,213,300		910,328,000	912,938,000	2,610,000
Continuing	153,800	153,800				
TOTAL FUNDS	895,367,100	895,367,100		910,328,000	912,938,000	2,610,000
II. EXPENDITURE CATEGORY						
Personnel Costs	236,038,300	236,038,300		236,569,400	236,569,400	
Operating Expenses	39,563,700	39,563,700		39,146,200	39,146,200	
Grants, Loans, Benefits	619,765,100	619,765,100		634,612,400	637,222,400	2,610,000
TOTAL EXPENDITURES	895,367,100	895,367,100		910,328,000	912,938,000	2,610,000
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund (Tobacco)	8,300,400	8,300,400		8,300,400	8,300,400	
General Fund	275,476,700	275,476,700		298,076,700	297,026,700	(1,050,000)
Restricted Funds	135,169,500	135,169,500		118,329,800	118,329,800	
Federal Funds	476,266,700	476,266,700		485,621,100	485,621,100	
Regular Total Funds	895,213,300	895,213,300		910,328,000	909,278,000	(1,050,000)
Continuing	153,800	153,800				
TOTAL BASE LEVEL	895,367,100	895,367,100		910,328,000	909,278,000	(1,050,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE						
General Fund					3,210,000	3,210,000
Restricted Funds					450,000	450,000
TOTAL ADDITIONAL					3,660,000	3,660,000
V. ADDITIONAL BUDGET ITEMS						
1 EXPAN Personal Care Home State Supplementation Payments Increase						
ABR7360017 Provide funds to support a \$20 per month per resident personal allowance needs increase, and a \$2 per day per resident facility payment increase.						
General Fund					2,910,000	2,910,000
Restricted Funds					450,000	450,000
Project Total					3,360,000	3,360,000

H - Health and Family Services Cabinet**Operating Budget****Community Based Services**

			Fiscal Year 2004-2005			Fiscal Year 2005-2006		
			Bill as Introduced	General Assembly	Difference	Bill as Introduced	General Assembly	Difference
2	NEW	Kentucky Baptist Childrens Home Youth Ranch						
ABR7360018	Provide funds to support Alternatives for Children educational classrooms.							
General Fund							200,000	200,000
Project Total							200,000	200,000
3	NEW	Bluegrass Domestic Violence Program						
ABR7360019	Provide funds to purchase vans and security equipment and for operating costs.							
General Fund							100,000	100,000
Project Total							100,000	100,000
TOTAL ADDITIONAL							3,660,000	3,660,000

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Community Based Services

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The Bill as Introduced, Part I, Operating Budget, provides additional base funding support totaling \$20,309,700 in General Fund in fiscal year 2005-2006 to sustain the increased number of court-committed children in the care of the Cabinet.

The Bill as Introduced, Part I, Operating Budget, includes language provisions that direct:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$8,120,400 in each fiscal year for the Early Childhood Development Program, and \$180,000 in each fiscal year for Child Advocacy Centers."

"Out-of-Home Care: Included in the above General Fund appropriation is \$20,309,700 in fiscal year 2005-2006 which is necessary to support and sustain the increased number of court-committed children in the care of the Cabinet."

The Bill as Introduced, Part X, Phase I Tobacco Settlement, provides a language provision that directs:

"Early Childhood Development Program and Child Advocacy Centers: Included in the above General Fund (Tobacco) appropriation is \$8,120,400 in each fiscal year for the Early Childhood Development Program, and \$180,000 in each fiscal year for Child Advocacy Centers."

GENERAL ASSEMBLY

The General Assembly concurs with the Bill as Introduced with the following changes:

The General Assembly provides additional funding as reflected in Part V, Additional Budget items, of this Budget Memorandum report.

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Community Based Services

The General Assembly establishes a \$15 fee per criminal background investigation to partially fund the Personal Care Home State Supplementation payment increase.

The General Assembly adds to Part I, Operating Budget, language provisions as follows:

"Criminal Background Investigation Fee Establishment: The Secretary shall be authorized to promulgate such administrative regulations as may be required to prescribe criminal background investigation fee amounts which are reflected in the Restricted Funds appropriation above."

"Personal Care Home State Supplementation Payment Increase: Included in the above appropriation is \$2,910,000 in General Fund support and \$450,000 in Restricted Funds in fiscal year 2005-2006 to increase State Supplementation payments to Personal Care Homes by \$20 per month per eligible resident for the personal needs allowance and \$2 per day per eligible resident for a facility payment increase."

"Kentucky Baptist Children's Home Youth Ranch: Included in the above appropriation is \$200,000 in General Fund support in fiscal year 2005-2006 for Alternatives for Children educational classrooms at the Kentucky Baptist Children's Home Youth Ranch."

"Bluegrass Domestic Violence Program: Included in the above appropriation is \$100,000 in General Fund support in fiscal year 2005-2006 to purchase vans and security equipment and for operating costs."